

Weekend



Mother tongue
Britain should be beneficent.
It should offer up its
language as a millennial
gift to the world



Chardonnay dip
Is this the beginning
of the end for the world's
favourite wine? Jancis
Robinson takes a sip

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FINANCIAL TIMES

APRIL 4 / APRIL 5 1998

Weekend



Ice-cool Ernie
Els made the most of
privilege. He had access
to any sport he desired
and excelled at several



Africa
This is no supermarket
safari. Here, the
minutes count
Travel focus on Africa

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Falling employment signals slowdown in US economic growth

Dow breaks through 9,000 as expectations of rate rise lessen

By Gerard Baker in Washington and John Labatts in New York

US employment dropped for the first time in more than two years last month, suggesting that the recent rapid pace of economic growth may be easing.

The Labor department said non-farm payrolls fell by a seasonally adjusted 35,000 in March and the unemployment rate edged up to 4.7 per cent from 4.6 per cent in February.

The report helped underpin a new surge of optimism on Wall Street. Investors interpreted the data as reducing the need for the Federal Reserve to raise short-term interest rates in the near future.

Shortly after the figures were published, the Dow Jones Industrial Average crossed the 9,000-point threshold for the first time. At 1pm New York time it had slipped back and was trading at 8,974.65.

Lower interest rates in the Treasury bond market also helped the stock market higher. Bonds rallied sharply after the

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release of the employment report. The price of the 30-year bond had climbed by more than a point to 105.4, sending the yield down to 5.788 per cent.

Officials cautioned that the unexpected drop followed big gains in the preceding months and was influenced by special factors, notably some unusual weather patterns.

Some financial market economists, however, said the longer term trend suggested the economy was now clearly moving on to a slower track, having set a frenetic pace throughout most of 1997.

In the first three months of the year, jobs growth averaged 205,000 per month, compared with 358,000 in the last quarter of last year. Total hours worked

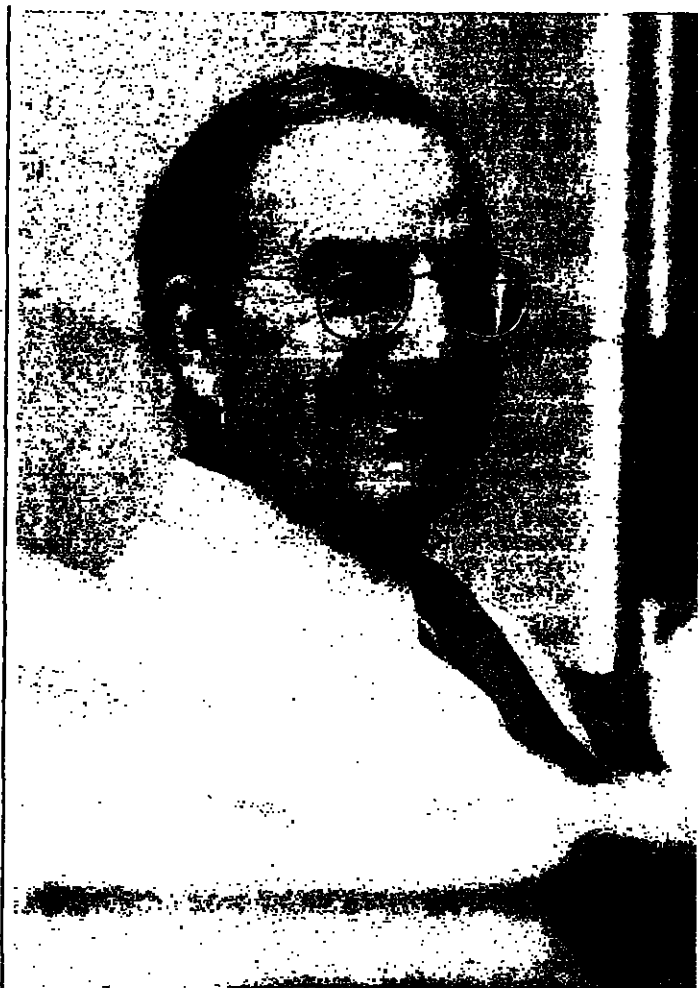
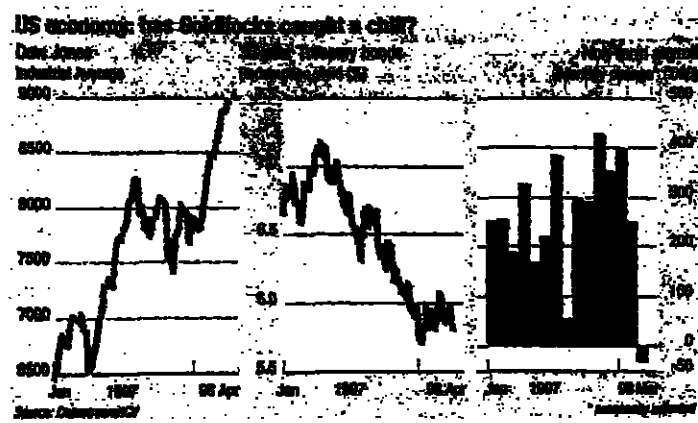
also dropped sharply last month, reversing the recent trend. "We are convinced we are in the midst of a deceleration of growth that will carry the economy to a lower trend in the coming months," said John Lipsky, chief economist at Chase Manhattan Bank in New York.

In spite of widespread expectations that the Asian financial crisis would dampen US growth after the remarkably fast pace recorded in 1997, the early months of this year had not until now shown much solid evidence of a slowdown. Strong employment gains and income growth seemed to underpin explosive retail sales and housing market activity.

But the jobs figures suggest at least some of that strength may have been the result of unseasonal weather patterns. The warm weather produced by the El Niño weather system bolstered demand in the first two months of the year, while the wetter, colder weather in March seems to have given back some of those gains.

The figures serve mainly to highlight the uncertainty about US economic prospects this year, as other economists argued that the trends in labour growth was still strong. "The weather was clearly a big distorting factor in the first few months of the year," said Bill Dudley, chief US economist at Goldman Sachs, the New York investment bank. "But if you look at the underlying performance, the economy is still recording solid gains."

Almost all economists are agreed on one thing - the Fed is unlikely to raise interest rates as long as the uncertainty about growth prospects persists.



Former US senator George Mitchell, chairman of the UN peace talks, sees the end in sight after years of hard work. He has told his wife he could be home for Easter. Report and interview, Page 5
Picture: Crispin Fowler

Moody's deals blow to Japan's economy

By Michio Nakamoto and Graham Tett in Tokyo

Confidence in the Japanese economy took another blow yesterday when credit rating agency Moody's reduced its outlook for the country's sovereign debt rating from stable to negative.

The controversial decision hit Japan's already bruised currency, as well as equity and bond markets.

Moody's said it had lowered its outlook on Japan's AAA-rated sovereign debt not because it was putting Japan on review for possible downgrading, but there were factors which could lead it to review the country's rating over the next two years.

The yen touched ¥135 against the US dollar for the first time in more than six years, before the Bank of Japan intervened to support the currency.

The Nikkei 225 average fell more than 1 per cent, closing at 15,517. Bond prices fell, with the yield on the benchmark 10-year 10-year bond up from 1.555 per cent to 1.685 per cent.

Moody's complained of Tokyo's failure to address the country's serious economic problems, including its deteriorating fiscal deficit and growing deflationary pressures, which risked aggravating structural weaknesses in the financial sector.

Japanese officials were surprised and vowed to stimulate the economy. "We will deal with the current state of the economy with a sense of crisis," said Koichi Kato, secretary-general of the ruling Liberal Democratic Party.

Economists questioned Moody's assessment, noting that the danger of Japan defaulting on its debts was minuscule. It is the world's largest creditor nation with net external credit of more than \$750bn, pointed out Yasushi Okada, chief economist at Credit Suisse First Boston. "Any doubt about Japan's paying ability is nonsense," he said.

Standard and Poor's and IBCA, two other rating agencies, said they had no intention to downgrade Japan's sovereign rating.

Moody's indictment comes on the heels of unusually sharp criticism by a leading Japanese businessman of the government. On Thursday Norio Ohga, chairman of Sony, lambasted the prime minister, Ryutaro Hashimoto, for his handling of the economy.

New pressure, Page 3; Editorial Comment, Page 6; Mario Ohga, Man in the News, Page 7; Bonds, Page 8; Currencies, Page 9; World stocks, Page 21

Crusaders aim to squeeze graft in Miami vice

By Mark Szerman in Miami

If you are going to stage an Anti-Corruption Summit with the ambitious aim of mapping out "a battle plan for an all-out war against the evil of globalised and national corruption in all its forms", Miami is not a bad place to do it.

Government officials and private-sector experts flew into Florida from all over the world this week, and on arrival they could savour front-page stories in Miami newspapers about the lavish entertainment spending by

Xavier Suarez - the mayor who has just been forced out of office after several dead people were found to have voted for him.

The financial and political scandals led local academic Dario Moreno to describe Miami as "almost the definition of a Third World banana republic".

For the anti-graft lobbyists who organised the summit the connection between Miami's plunging reputation for probity and their subject matter was coincidental. Nevertheless, they have been quick to capitalise on the city's new notoriety, inviting Pro-

fessor Moreno to take part in a discussion on corruption in municipal governments.

"Miami's problems help remind everyone here that corruption is a problem in rich countries as well as poor ones," says James Wesberry, one of the conference organisers and director of the Americas' Accountability/Anti-Corruption project, a US scheme to promote anti-corruption initiatives in Latin America.

But there is still no consensus on the solutions to corruption, with some delegates calling for high-minded but unlikely

reforms, such as an end to all offshore banking.

One California academic, who recently published a paper called "10 Ways to Refuse a Payoff Request" (Number 10 - "Just say no") has generated some interest in a more indirect approach.

She has been circulating pink flyers showing two demure Victorian ladies having tea with a distressed-looking man. The caption reads: "We refuse to be courted by a gentleman whose wealth comes from corruption."

Investors falling for scams, Page 4

News General

Blair fails to woo Asian leaders

Asia can rely on European support in resolving the economic difficulties that have swept the region since Thailand devalued its currency last July, Tony Blair, the UK prime minister, said. "We in Europe cannot afford to turn our backs," Mr Blair told the opening session of the biennial Asia-Europe summit. But his speech was met with scepticism. "The rhetoric is quite appropriate," said Kim Sang-woo, a member of South Korea's parliament, "but we have to see whether or not there is substance." Page 4

Tietmeyer pricks bubble of euphoria over euro

Hans Tietmeyer, the Bundesbank president, came to Bonn yesterday to prick the bubble of euphoria about European economic and monetary union that had swelled up after Thursday's constitutional court ruling that threw out legal challenges hanging over the euro. Page 2

Thai generals ordered to get on their bikes

Four-star generals forced to tour their bases on bicycles. Privates ordered to grow vegetables in their spare time. One-quarter of the defence budget cut. Thailand's economic crisis is having a demoralising effect on the country's armed forces. Page 3

Lebanese PM rejects Israeli conditions

Rafiq Hariri, the Lebanese prime minister, went on the offensive yesterday, saying Israel's offer of conditional withdrawal from southern Lebanon was a poisoned chalice. The prime minister, architect of Lebanon's reconstruction after 17 years of civil war, said Beirut would welcome an Israeli pullout but would not give security guarantees. Page 2

Kenneth Starr

The special prosecutor investigating President Bill Clinton is widely viewed as a partisan zealot out to get the president. But one lawyer says: "He is the person you would want investigating you if you had done nothing wrong."



See front last page, Page 7

News Business

Sunbeam shares suffer big fall

Sunbeam, the US group that has become a platform for the global ambitions of its chairman, "Chainsaw" Al Dunlap, suffered a sharp reversal yesterday as it disappointed Wall Street for the third time this year with weaker than expected earnings. Shares in the household products company plunged 21 per cent during the morning, to stand a third lower than the high point they hit earlier this year. The stock was trading at \$36.4, a fall of \$9.4 on the day. Page 24

Commerzbank reports surge in first-quarter

The fast-expanding investment banking operation of Germany's Commerzbank made more money in the first quarter of this year than in all of 1995 and 1996 combined. Page 23

Générale des Eaux unveils new name

One of France's largest quoted companies shrugged off some of its residual Gallic roots with a new Italian-inspired name to reflect its diverse activities and growing international influence. Compagnie Générale des Eaux, which spans telecoms, construction, water and other environmental services, unveiled the name Vivendi. Page 23

European bourses hit new highs in wake of Wall St

New highs were the menu yet again in Europe yesterday, as investors' appetite for shares was undiminished. Bourses in Amsterdam, Frankfurt, Helsinki, Madrid, Stockholm and Zurich reached closing peaks, encouraged by Wall Street's strength on Thursday and again yesterday, where the Dow Jones Industrial Average passed the 9,000 level for the first time. Investors ignored the weakness of the Asian markets. Currencies, Page 9; World Stocks, Pages 20-21

Endesa set to make final offering worth \$8.7bn

Endesa, the Spanish power generation group, is to become fully privatised through a final global share offering in May or June worth some Ptas1,366bn (\$8.7bn) at current market prices. This would be twice the size of the last offering of Endesa's shares in October last year, which was already a record for a Spanish privatisation. Page 24

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NEWS DIGEST

stabilisers" in their respective currency areas. The euro area would have no such safety nets.

Kanu, Mr Tietmeyer said, "is not just a gift, it is a responsibility as well". To benefit, Germany would require a reformed tax system, a flexible labour market and wages that were sensitive to differing productivity trends. Some MPs nodded. They knew all about those points, because they also belong to the unfinished agenda of Mr Kohl's government.

Hames, yesterday ignored pleas from the PA, vowing to carry out a "comprehensive" attack in Jerusalem, Tel Aviv and other areas.

Any terrorist attacks would provide Benjamin Netanyahu, Israeli prime minister, with another reason to delay a troop withdrawal from the West Bank. Israel has already said a small pullback depends on the PA meeting 50 conditions set by the cabinet.

"Under Brevnov, the parent company has seen a major improvement in cash collection of payments, from 5 to 25 per cent," said Boris Sinegubko, utilities analyst at Brunswick Warburg, a Moscow-based brokerage.

However, government officials had criticised Mr Brevnov for failing to force through reforms in the regional energy companies, most of which are at least partially owned by UES.

The biggest job for UES's new boss will be to compel Russian regional authorities and poorly financed but politically strong companies to pay their electricity bills.

Pro-democracy forces claim the move to include bodies such as the Xinhua news agency, which also has some executive functions, will put them above the law, allowing them, for example, to withhold personal files which would normally be a breach of privacy laws. Louise Lucas, Hong Kong

A Colonia Dignidad official checks changed, however, after 1984 when three members of the sect escaped and gave evidence in Germany about the conditions in the settlement. The then ambassador made

...the police officer's warrant AP

said. Other visitors commented that the inhabitants looked like something out of Germany, the girls and women in blonde pigtailis, long skirts and aprons, the young men in Lederhosen.

The fate of German citizens in the Colonia became an issue in Germany. But Mr

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INTERNATIONAL

Crisis leaves
Thais dazed
and confusedBy Robert Chote,
Economics Editor

"The crisis has happened too quickly and has left us confused, puzzled and let down," explained a community leader from the slums of Kohn Kaen, in Thailand's north-eastern province. "We have been laid off, but given no explanation."

This reaction is typical of those the World Bank encountered in a recent study of the social consequences of Thailand's economic crisis. Officials organised focus group meetings, talking to slum dwellers, community groups and non-governmental organisations.

There was "a general feeling of uncertainty, insecurity and isolation". The poor could not understand why they were bearing the brunt of the crisis, when the rich rather than they had benefited from the growth that went before. A "drive for consumerism" was blamed for a decline in traditional values and spiritual well-being.

Children suffered most. As family incomes fell, growing numbers had been forced to work, beg or enter prostitution. School drop-out rates had risen as some families could no longer afford education or transport. Where both parents were working children had to guard the home from increasingly frequent break-ins.

Women from Kohn Kaen railed at the injustice of having to send their children to scavenge in rubbish dumps. Among older youths in Bangkok's slums, drug dealing became increasingly attractive as a source of income. Domestic conflict also increased, with children often the casualties.

Moody's puts
Japan under
new pressureBy Simon Davies in London
and Gillian Tett in Tokyo

The international credit rating agencies have stirred up considerable controversy in Asia over the past six months, but the decision by Moody's to put Japan's sovereign rating on negative outlook is arguably the most contentious move by any of them.

Any suggestion that the country's AAA/Aaa rating might be downgraded would inevitably face an angry response from the government.

Conspiracy theories were already emerging yesterday, suggesting that Moody's was being used by the US government to put pressure on Japan.

The decision could also have a considerable financial impact, beyond yesterday's response by the financial markets. By refocusing investors' attention on the problems within the financial system in Japan, it could force up the cost of inter-bank borrowing by Japanese banks, the so-called Japan premium.

The agencies are already on delicate ground in the region, having responded to the Asian crisis a long time after the stock markets. Moody's, Standard & Poor's and Fitch IBCA all hit Indonesia and Korea with a rapid series of downgrades long after share prices had collapsed, raising the criticism that they had missed the boat, and then over-reacted. Nonetheless, the agencies went through much of this controversy back in 1995, when their strong ratings for the Japanese banks were downgraded aggressively. Government officials and bankers stated publicly that the agencies had got it wrong.

The reputation of the agencies has been strengthened by the subsequent acceleration of difficulties within the financial services sector.

Indeed, as confidence in the quality of Japanese accounts has diminished, there has been considerable growth in the rating agencies' business in Japan. They have become regarded as the only independent voices around, apart from the Western investment banks.

The study found the crisis affecting people directly in several ways: through rising unemployment, cuts in pay, higher prices and reduced access to welfare services.

The Bank expects unemployment in Thailand to rise to about 6 per cent of the workforce, or 1.7m people. Unemployment and pay cuts initially affected families relying on daily wages, including factory workers, construction workers, taxi drivers and casual labourers. Urban areas were hit first, but elderly women in rural Kamplai warned that they relied almost entirely on money sent from children working in Bangkok.

Families in Sap Poo Pan reported that the price of rice, cooking oil and sugar had risen by between half and two-thirds since last year. But many poor farmers who might have expected to profit from higher export prices found the gains captured by middlemen or eaten up by increased costs.

Health standards were set to suffer as the cost of imported drugs increased and as prostitution increased HIV infection rates. Private health services had gone bankrupt or increased prices, forcing more people to rely on the strained public healthcare system.

The Bank found Thailand's social cohesion in a downward spiral. "The crisis had eroded suddenly certain elements of community co-operation and trust." Loan sharks exploited communities and were attacking borrowers who could not repay loans. There was "increased household and community tension," the report found. "Neighbours who once co-operated were now competing."

Decision could
also have an
impact beyond
response of
the financial
markets

more, said: "It was clear six to nine months ago that the economy was weakening. But it is only in the last few weeks that it has become apparent that it is falling down a black hole."

And Joanne Collins, senior market strategist at Nomura International in London, said it was an appropriate response by Moody's. "It may whip up a sense of urgency in Japan, which hasn't happened until now and is badly needed."

Vincent Truglia, managing director of Moody's financial institutions group, said: "The Japanese authorities are between a rock and a hard place. They're in a difficult situation, and I'm glad I'm not responsible for finding a solution for them." But he emphasised that Moody's had not yet put Japan's rating on a formal review for a downgrade.

The other rating agencies distanced themselves from Moody's yesterday. Nonetheless, the agencies will take some relief from the fact that their comments still carry a lot of clout, in spite of their performance on the smaller Asian economies.

THAILAND'S MILITARY ECONOMIC TURMOIL MAY FORCE PRIME MINISTER TO AXE 1,000 OFFICERS

Generals ordered to get on their bikes

By Ted Bardacke in Bangkok

Four-star generals forced to tour their bases on bicycles... Privates ordered to grow vegetables in their spare time... A quarter of the defence budget cut... Thailand's economic crisis is having a demoralising effect on the country's armed forces.

But it's nothing compared with what Chuan Leekpai, prime minister, has in store for them. If the reforming premier who doubles as defence minister gets his way, the number of generals will be slashed by 75 per cent over the next few years, eliminating the positions of more than 1,000 top officers.

Already generals who leave non-command posts are not being replaced. The rate of promotions is set to slow, ending the practice of automatic promotion of entire officer classes. The intake of cadets at the military academy will be gradually reduced by about two-thirds, while many officers are expected to follow their 600 colleagues who took early retirement last year.

While the move makes strategic sense - Thailand has one of the highest ratios of officers to enlisted men in

Asia - it is nonetheless bold. Thailand's military has staged or attempted 17 coups since 1932 and is a constant factor in political life. Although senior officers have limited their role since a bloody democracy uprising in 1992, they were instrumental in convincing the former premier, Chavalit Yongchaiyudh, himself an ex-general, to resign late last year.

A slight man, Mr Chuan appears overwhelmed when arriving to chair Defence Command meetings which, so far, have been preoccupied with how to implement budget cuts.

"With reason," says one foreign military attaché, who points out that the only other civilian defence minister in Thai history lasted just a month. "The military budget has been cut four times already. Not so long ago that would have meant four coups."

Soon after Mr Chuan outlined his plans in February during a lecture to the National Defence College, anonymous leaflets were found scattered near his office at Government House. The leaflets said Mr Chuan's remarks had "hurt the feelings of officers who fought for their country" and



Tour of duty: Chettha Thanajaro, Thai general, leads the way in a cycle through Bangkok with other army colleagues arranged last month to set an example on belt-tightening measures Bangkok Post

warned that he should let the military control its own affairs.

Yet some analysts believe the leaflets will be the full extent of overt military resistance to the measures.

"It's risky but I can't see how the military would react in a way that would be

destabilising," says Suchit Bumbongkorn, dean of the political science faculty at Chulalongkorn University and an expert on the Thai military.

"He has to do it. The armed forces are having trouble with their budget. In the boom time it's hard to

[attack them] but now they can't argue back," says Mr Suchit.

A senior adviser on military affairs to Mr Chuan agrees the financial crisis presents an opportunity to force the measures through but argues the move "did not come about because of

the financial crisis. There is also the security situation, the border situation and the attitude of the top officers."

"Since 1992 the military has been trying to change its role. But in the past it's been trial and error. Now the idea is to make it comprehensive."

Mr Chuan's own political agenda could also be playing a part, several analysts suggest. He moved against certain military privileges, such as the border arms trade, in the early days of his first period in office. Now he may be trying to curtail the political aspirations of the army chief, Chettha Thanajaro, who will retire this year and, following his successful intervention during the Chavalit government, is contemplating entering civilian politics.

"The armed forces' management is awkward and has to be restructured," said the prime minister in his defence college speech. "I do not belong to any military academy class and therefore do not have to do anyone any favours. I will not drag soldiers and the military establishment into becoming my political base. Soldiers will not become involved in politics."

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INTERNATIONAL

ASIA-EUROPE SUMMIT GERMANY RELUCTANT TO CONTRIBUTE TO FUND SET UP BY UK

Blair pledges support but avoids new commitments

By Peter Montagnon and Stefan Wagstyl in London

Asia can rely on European support in resolving the economic difficulties that have swept the region since Thailand devalued its currency last July, Tony Blair, UK prime minister, said yesterday.

"We in Europe cannot afford to turn our backs," he told the opening session of the biennial Asia-Europe summit. "We are not fair-weather friends."

But his speech, which lacked any new promise of substantial financial commitment and stressed the need for both sides to fight protectionism and maintain open markets, was met with scepticism from his Asian audience.

"The rhetoric is quite appropriate," said Kim Sang-

woo, a member of South Korea's parliament, "but we have to see whether or not there is substance."

As the summit got under way yesterday, European nations resisted suggestions that they should pledge more money in support of stricken Asian countries. It emerged that Germany is even reluctant to contribute to the modest new trust fund set up by the UK to finance the transfer of expertise in economic and financial restructuring.

Japan by contrast has repeatedly stressed that its bilateral assistance to countries undergoing international Monetary Fund programmes amounts to \$10bn, while Europe has given only \$2.5bn, all of it to South Korea.

In private discussions with Asian and European leaders

yesterday, Mr Blair acknowledged that the crisis was the most serious shock to the world economy for some decades, but he said stability would return if the stricken Asian countries pursued their IMF reform programmes with vigour.

In response to pressure from Asia, European leaders agreed last night that the summit issue a special separate statement on the financial crisis which included pledges on open markets and stressed the central role of the IMF.

Sir Leon Brittan, EU vice president, also gave a strong vote of confidence in the region's ability to resume strong growth, although success was not guaranteed.

"Provided the right steps are taken now, the outlook is bright, and I am optimistic that the next time our lead-

ers meet, in Seoul in the year 2000, the Asian economies will have been restored to health."

Sir Leon also called on Japan to include tax cuts in its proposed ¥16,000bn (\$123bn) reflation package. Japan has come under relatively little public pressure at the summit to do more about its stagnating growth, despite suggestions by a leading businessman on Thursday that its economy was on the point of collapse.

Mr Ryutaro Hashimoto, Japanese prime minister, said yesterday his country would take the necessary measures, but his fellow leaders indicated they agreed that Japan's underlying economy was sound. "Leaders do not believe the Japanese economy is on the point of collapse," said a British official.



Mr Zhu arrives at the summit yesterday. He has become almost a cult figure in the international financial community.

US holds up South Korea funds

By Peter Montagnon

South Korea is facing a delay in receiving billions of dollars of additional aid because of US reluctance to disburse the \$57bn pledged as part of the \$77bn international rescue package.

The US is claiming that technical conditions for the payment of what are known as "second-line funds" have not yet been met, but its reluctance, which is understood to be based on fears of congressional disapproval, is causing other countries also to defer their payments.

At a meeting on the sidelines of the Asia-Europe summit, Ryutaro Hashimoto, Japan's prime minister, told Korea's President Kim Dae-jung that Japan's contribution of \$10bn was ready to go, but the payment was being held up by the US.

"Japan has no problems releasing that money and we would certainly like the problem resolved between the US and Korea," a Japanese official said.

South Korea has been seeking disbursement of the money because it is anxious to bolster its reserves, as this will boost the currency and help create conditions for lower interest rates, said Kim Sang-woo, a member of the Korean delegation to the summit.

Korea, whose reserves were nearly exhausted as its currency plunged last December, has been asking other countries to press the case with the US, he added.

Earlier this week President Kim told British businessmen that the economic crisis had already cost 1.5m jobs and the number was rising by 10,000 a day.

China's shy reformer steps gingerly into the global limelight

The new prime minister impressed western leaders at the Asia-Europe summit in London, but he's no Gorbachev, writes Peter Montagnon

The trouble for Zhu Rongji, China's new prime minister, is that he is a natural media star, but he doesn't let it show.

Before he arrived in London for the Asia-Europe summit this week, Mr Zhu decided to cancel plans for any press conferences and strictly limit his photo-calls, in an effort to damp excessive public attention.

Yet already among China watchers, and in the international financial community, he has become almost a cult figure because of his talent as a communicator, his ready wit and the pragmatic grasp of economic policy that sets him out from the traditional Chinese leaders.

When he appeared before the world press in Beijing's Great Hall of the People two weeks ago, his performance was that of a seasoned star: self-deprecating and self-confident, quick-witted and yet cautiously diplomatic, in the minefield of Chinese politics. He even dared to be emotional.

He obviously finds it difficult to avoid rising to the occasion, yet he is also acutely aware of the danger - in China - of becoming an international media celebrity. Above all, he dislikes being referred to as China's Gorbachev.

Equally, though, there is no disguising the strong impression he has made, almost without trying, on other leaders at the summit in London. That can only

certainly, it is easy to understand why Mr Zhu dislikes the Gorbachev comparison. The break-up of the Soviet Union after Mr Gorbachev's political and economic reforms strikes terror into the heart of China's leaders whose paramount aim is to preserve their country's unity. Besides, Mr Gorbachev's mistake was to put political reform ahead of economic change. Mr Zhu is doing exactly the opposite.

Beyond that, analysts say there are a number of reasons why he is anxious to minimise international publicity. One, according to a fellow Asian official, is that his economic reform programme is basically domestic. Although he is now prime minister, he has little experience of international affairs and he may be less confident in that arena.

Another is that he must be anxious not to upstage President Jiang Zemin, who is still his boss but whose public persona is wooden by comparison. Yet another is that his programme is highly sensitive politically. It involves a radical slimming down of government as well as reform of banks and state enterprises in a way that is bound to cause unemployment.

He must be worried that the favourable press he is getting in the west will be used against him at home," says Gerald Segal of the International Institute for Strategic Studies. If that analysis is right, then Mr Zhu's reticence is a sign of his belief that the task ahead will be much harder than many of his current admirers assume.

Swiss central bank to contest US gold action

By William Hall in Zurich

Swiss National Bank, under pressure to make reparations for its second world war role as the main outlet for looted Nazi gold, yesterday vowed to "fight" a proposed class action in the US by Holocaust survivors.

The Swiss central bank, which has made little comment on the controversy surrounding its wartime past, took the unusual step yesterday of issuing a statement about speculation that Michael Hausfeld, a leading attorney in the multi-billion dollar US class actions against the big Swiss banks, was about to launch a separate legal action against SNB.

It said that it had "taken note of the fact that a class action is to be instituted against it in the US in connection with its gold transactions during the second world war."

It had resolved to oppose any such action because it had no basis in law and it contested the competence of the US courts to hear the case. It also stressed that an "out-of-court" settlement, similar to what the big three banks appear to be negotiating with the class action lawyers, "does not enter into consideration."

SNB's decision to go on the attack before a class action has been formally lodged underlines the concern in Switzerland that the country and its banks are being forced into a global settlement in addition to measures already taken.

SNB, which has already contributed \$570m (\$72m) to the special fund for needy Holocaust survivors, said it supported the steps Switzerland had taken so far - establishing the Bergier group of international historians and supporting the work of the commission under Paul Volcker, the former US Federal Reserve chairman, which is searching for unclaimed Holocaust-related accounts in Swiss banks. The SNB said these efforts would permit the Swiss authorities to make a "final political assessment".

It stressed that SNB was a public institution, not a commercial bank. Its second world war gold transactions were the subject of a binding agreement under international law, the Washington agreement of 1946.

However, the US authorities have indicated that they expect any global settlement to go well beyond the big three banks and embrace the SNB, which handled 75 per cent of Germany's gold transactions, and possibly the Swiss government. The latter has made clear that it does not intend to participate in any such settlement.

INDONESIAN ECONOMY TALKS TO GO INTO NEXT WEEK

IMF fails to secure early deal on reforms

By Sander Thomas in Jakarta

Talks between Indonesia and the International Monetary Fund over a revised economic reform deal are likely to drag on into next week because of disagreement over the complex rescheduling of \$30bn in private off-shore debt, an IMF official said yesterday.

Stanley Fischer, the IMF's deputy managing director, emerged from his first meeting with President Suharto yesterday morning to predict an agreement "within the next week" on monetary policy, a revision of the budget, structural reforms, bank restructuring and a framework for corporate debt rescheduling. Earlier government and IMF officials had indicated a deal was feasible this week.

"We have made substantial progress," Mr Fischer said, "but none of these issues is finally settled, none of them is very far from solution, possibly with the exception of the corporate debt," he said.

The Fund is likely to press for an agreement on Wednesday or Thursday, as Tuesday and Friday are holidays, but the delay indicates that Mr Suharto is not co-operating as readily as in January.

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talks with the IMF were "at the final stage".

Earlier, Michel Camdessus, the IMF managing director, warned in Washington that any dithering by Jakarta on the reforms would be catastrophic.

"It is urgently important to get Indonesia's reform programme back on track so as to strengthen the rupiah before hyperinflation sets in," Mr Camdessus said in a speech on Thursday to the National Press Club.

Agreement is needed before the IMF can release a second \$3bn tranche of standby credits. This would

also open the door for more than \$10bn in loans and trade guarantees by the World Bank, Asian Development Bank and other donors.

Markets have been waiting eagerly for news on debt rescheduling, missing in two earlier agreements because the IMF felt the rupiah's recovery would solve that problem. The IMF, Indonesia and a committee of lenders have all indicated they want to offer debtors a grace period on principal payments and allow them to pay interest in rupiah to a government agency which would then pay creditors in dollars.

Mr Fischer said the government would not guaran-

tee debt payments but would take on the risk of depreciation, the first time the IMF indicated approval of a scheme which transferred some risk to the government after rejecting earlier proposals on that ground. "You can't provide insurance and avoid risk but you can limit it considerably," he said.

There may also be disagreement on the grace period or the strategy for dealing with such large and complicated debt overhang. It includes syndicated loans, commercial paper owed to thousands of investors and unrecorded forward swap obligations that by some estimates would add another \$20bn to the reported debt figure.

Mr Fischer said some details remained to be agreed in banking and structural reforms but reported "substantial agreement" on monetary policy and the budget.

The government has already doubled interest rates to limit broad money growth to 12 per cent this year and keep annual inflation under 47 per cent. Inflation in March was 5.49 per cent.

Officials said the IMF had agreed to include Rp27,000bn in subsidies in a revised version of this year's budget, but that would be much higher than discussed earlier and it is unclear how such a hole could be plugged given the economic crisis and falling oil export revenues.

Earlier backsliding on trade liberalisation and dismantling of monopolies have raised the profile of structural reforms, even though they will do little to strengthen the economy in the short run.

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Seven Up puts fizz into teacher protest

By Ken Wain in Buenos Aires

Patricia and Silvia have not eaten for almost two weeks, living only on milk, water, soy-milk and light soup. "And Seven Up," says Silvia. "For energy."

They are taking their turns at a rolling hunger strike by Argentina's teachers demanding higher salaries and more funds for education. The lack of solid food has left the two young teachers from Buenos Aires province looking tired and listless.

The nerve centre of the protest, a white tent opposite Buenos Aires' imposing Congress building, looks like a marquee left behind after a corporate party. Set up last April for what was planned as a temporary protest, it has stayed, getting steadily grubbier and even acquiring its own address.

The tent was on hire. But sensing they were in for a long struggle, the teachers bought it. Inside, protesters wearing teachers' traditional white coats huddle about as if in a makeshift staff room.

Their commitment is undiminished, even after a year. "We want a salary which is worthy of the work we do and the hours we put in," says Patricia.

The tent has been equipped with almost all mod cons. There is a refrigerator, telephone and air conditioning. A fax machine constantly. Two chemical toilets have been installed outside, in the shadow of the protest's monument to Argentine independence.

A medical team of six keeps a constant eye on the protesters, who come from all over the country to participate in the hunger strike, usually for periods of 15 days. An ambulance is on permanent standby.

Transfer of responsibility for education to the provinces has cut salaries by between 6 and 40 per cent, complains Silvia. With basic pay of about \$350 a month - lower in the poorest provinces - teachers feel they have been sidelined in Argentina's much-vaunted economic transformation.

They also want a central fund to iron out spending inequalities between provinces. In the poorest regions, teachers say, some schools are barely functioning as centres of education. They have become little more than canteens, handing out food to hungry children.

The protest has attracted much popular support - more than 88 per cent according to a recent poll.

Thousands marched through the centre of Buenos Aires on Thursday to mark the protest's first anniversary, causing a traffic gridlock. "We are confident we will win because the people are with us," says Silvia.

But ministers and teachers talk different languages. A leaflet handed out by the CTERA, the teachers' union, denounces the government's "neo-liberal" economic policies and the "concentration of wealth." The government urges a clampdown on teacher absenteeism and revision of antiquated work patterns.

Susana Decibe, the education minister, is backing a 1 per cent car sales tax to increase funds for education. But teachers are sceptical of the plan and the economy ministry is quietly doing its best to bury it.

The protest has also become a focus for countless opposition groups. Thursday's march included everyone from relatives of the victims of military rule to landless Brazilian peasants. But the widening of the protest, which teachers see as a sign of strength, risks blurring their message.

"The dispute has crossed borders," says Silvia proudly. "Although we are no nearer a solution."

Army crackdown on phantom schools

By Farhan Bokhari in Islamabad

Pakistanis have learnt a lot of unpleasant facts about their poorly funded schools in the past week.

Last night troops were returning to barracks after spending 10 days in the Punjab - the largest province - searching for "ghost" schools.

And a new national education policy, announced last week, promised to take tough action against these phantom schools, whose presence it acknowledged for the first time. They are

state-funded schools in which teachers are routinely absent for months or even years, and the buildings are taken over for private use by powerful individuals such as wealthy landowners.

"Billions of rupees plundered from the national exchequer in the name of primary education" and "Corruption mafia" and "battered through far-reaching measures" were just two of the headlines from newspaper advertisements, placed by Punjab's provincial government, announcing the

army-backed crackdown. But this campaign was quickly overshadowed by the plight of thousands of high school students in Rawalpindi, just outside the capital.

They faced the possibility of being forced to retake the mathematics exams after being caught cheating. At least 21 officials from the examination board of Rawalpindi have been arrested on accusations of leaking the contents of examination papers to students in return for money.

Separately in Islamabad,

Ghaus Ali Shah, the education minister, promised to launch a jihad or holy war to double the country's 38.9 per cent literacy by the end of the next decade.

But the effect of what was promised to be a credible effort was quickly lost in the wake of the maths exam scandal, which has further rocked the reputation of the educational establishment.

Some analysts are convinced the latest scandal could further bolster business for Pakistan's expensive private schools. They mostly cater to the children

of the elite, many of whom prefer to take A-levels through British examination boards to arm themselves with internationally acceptable qualifications.

The government has promised tough measures in the Rawalpindi board scandal, though critics say that this is just one example of the country's rampant corruption.

Ghazi Salahuddin, a leading newspaper columnist, said yesterday: "When the entire system is corrupt, you can't repair it through piecemeal measures."

More and more investors falling for scams

By Richard Wolff in Washington

Record stock market highs and the growth of new technologies have created a gold rush mentality among investors, the US government warned yesterday. The result is a worldwide boom in investment scams.

And it is not just the stupid or socially inadequate who fall victim to investment fraud. If you are middle-aged, intelligent, polite and sociable, you fit the perfect profile for the next gullible victim.

"Contrary to the image of victims as being isolated and confused individuals, they are well educated, socially

active in their communities and families and have higher than average incomes," said George Gaberlavage, of the American Association of Retired Persons.

"And the traits we admire in older people - such as courtesy, patience and respect for other people - are what the criminals take advantage of."

The most popular swindles increasingly revolve around new technology such as internet businesses and telecommunications. The Federal Trade Commission (FTC) said it had uncovered a \$30m fraud involving the sale of internet businesses in Los Angeles last year.

Dean Graybill, of the

FTC's service industry practices division, said many investors had been hoodwinked by scams involving recent auctions of pager licences by the US government. "They print out articles from the Wall Street Journal and tell people: Don't miss the boat this time. They start a scam saying we will buy the licences for you, and Motorola will have to come to you and pay \$25,000 for a \$10,000 licence."

"There was a lady in the Washington region who was over 90 years old and, over 40 years of baby-sitting, had saved \$100,000. She was contacted by telemarketers and she lost every penny."

Launching a week-long

campaign to educate US investors about financial frauds, state securities regulators yesterday unveiled a top 10 list of scams. They include so-called affinity group fraud, in which specific religious or professional groups are targeted by fraudsters who claim to want to assist them.

Other favourites include the internet, which is increasingly being used to market illegal pyramid schemes. The FTC said many criminals were using low-cost software to create web pages every bit as convincing as those of a large investment house.

But most fiendish of all are the "recovery scams," in

which swindlers buy and sell so-called sucker lists of people who have fallen for previous frauds. The poor victims are then called by new fraudsters who claim they represent government agencies and can recover the lost cash - for a fee, naturally.

Michael Jones, of the National Association of Securities Dealers which owns the Nasdaq exchange, said: "In the market we have now, there is a false sense of security. People forget that as well as going up, the markets do go down. People need to arm themselves with the appropriate information before they go out and make an investment."

NORTHERN IRELAND TALKS CHAIRMAN HOPES AGREEMENT WILL BE REACHED BY THURSDAY

Mitchell submits outline peace deal

By John Murray Brown in Belfast

Northern Ireland political leaders were last night due to receive the first sighting of an eventual constitutional settlement, raising hopes that an end to the long conflict in the region may be in sight.

In a final push for a settlement, George Mitchell, the former US senator chairing the peace talks, last night called a meeting of party leaders at which he was expected to present a document

detailing the broad outlines of a likely deal on the relationship between Northern Ireland and the Republic of Ireland.

With next week's deadline looming, the parties will have the weekend in which to consider the document which Mr Mitchell hopes to put to a full session of the talks on Monday.

"We present the paper on Monday; we get an agreement by Thursday; that's the schedule," said the former senator in an interview. David Ervine, negotiator at

the talks for the anti-nationalist Progressive Unionist party, said "a defining moment" was close.

The mood at the talks yesterday was markedly brighter as the British and Irish governments appeared to have narrowed their differences after the third meeting in three days between Tony Blair and Bertie Ahern, the British and Irish prime ministers.

Mr Mitchell's paper is understood to include proposals for a local administration which would be

anchored in legislation from the British parliament. This would combine unionist ideas for a committee system of government based on proportionality between the Protestant and Catholic communities and nationalist suggestions for cabinet-style government.

It will recommend that cross-border bodies linking Northern Ireland and the Republic will be created by legislation from Westminster and Dublin. There will be commissions on prisoners and on policing and justice

issues. Security sources said the army council of the Irish Republican Army was due to meet this weekend, with speculation the republicans may be reviewing their abstention of a future Northern Ireland assembly.

Separately, the Protestant Apprentice Boys reacted with anger to the decision of the Parades Commission appointed by the UK government to ban the traditional Easter Monday parade along the mainly Roman Catholic Lower Ormeau road in Belfast.

Alistair Graham, the commission chairman, said "it has not been an easy decision", but he was concerned about the relationships within the community.

Earlier in the day Reg Empey, the Ulster Unionists' chief negotiator at the peace talks, warned "that unless the Irish government is prepared to make an accommodation there will be no agreement." He said his party would not be "bullied, browbeaten or pushed around" by the republic's government.

GEORGE MITCHELL

'I keep telling my wife this is it; I'll be home for Easter'

Ex-senator's mild exterior hides tough determination to reach a settlement, writes John Murray Brown

George Mitchell, the former US senator chairing the Northern Ireland peace talks, knows better than most the chances of reaching a settlement by next week's deadline. "We present our paper on Monday; we get agreement by Thursday; that's the schedule," he says with a disarming smile.

"I keep telling my wife this is it; I'll be home for Easter," says the former federal judge and Senate majority leader in a lighter moment during an interview with the *Financial Times* yesterday.

He is not prepared to countenance failure or speculate on what will happen if the parties miss the April 9 deadline, but he says he is committed to see the process through to a conclusion.

Forcing the parties to work from one document will make a big difference. "The issues are many and they're inter-related. You cannot achieve an agreement until you have all the issues in a single comprehensive format."

After three-and-a-half years on the Northern Ireland watch - first as President Clinton's economic adviser to the region, then as independent chairman of the disarmament commission and since June 1996 as talks chairman - the mid-mannered Maine Democrat has emerged as the key figure, the ringmaster of Ireland's negotiations.

His involvement finds a

The peace talks

Who's in?

■ **Ulster Unionists** the largest anti-nationalist party in Ireland with 20 MPs in Westminster, including David Ervine, the party leader

■ **Social Democratic and Labour party** moderate nationalists led by John Hume, 3 MPs in Westminster

■ **Sinn Féin** (Gaelic: "We ourselves") political wing of the Irish Republican Army with two MPs including Gerry Adams, party president, who have not taken their seats in Westminster since the 1992 election

■ **Alliance party** for non-sectarian parties led by Lord Alderdice

■ **Progressive Unionist party** small "protestant wing" of the Ulster Volunteer Force

■ **Ulster Democratic party** small political wing of the Ulster Defence Association and Ulster Volunteer Force, badly expelled from talks this year after murders of Roman Catholics

■ **Northern Ireland Labour party** small group separate from governing Labour party in Britain

■ **Women's Coalition** seeks bigger role for women in political institutions

Who's out?

■ **Democratic Unionists** Protestants opposed to any process which might lead to influence by the Irish Republic over the north, 2 MPs including party leader the Rev Ian Paisley

■ **UK Unionists** oppose any weakening of constitutional link with UK

■ **Loyalist Volunteer Force** shadowy breakaway paramilitary unit which rejects the 34-year-old ceasefire by other "loyalist" groups

■ **Irish National Liberation Army** small violent group opposed to IRA ceasefire; the Irish Republican Socialist party is its political wing

■ **Continuity IRA** a shadowy splinter group, which rejects the IRA ceasefire

■ **32-county Sovereignty Committee** breakaway group opposed to any compromise on demands for a united Ireland of the 26 counties of the Republic and the six in Northern Ireland

parallel in President Clinton's own interest in helping forge a deal. Mr Mitchell admits that on many occasions it seemed the talks would collapse, with too little progress to create the necessary momentum.

He admits to frustrations - the slow progress particu-

larly. Indeed, he says if he had known it would take so long to get this far, he would not have accepted the job.

He says he has not been able to help out his law practice. He has seen little of his new-born son. "When he was born, October 16 1997, I asked my staff to contact the

hospitals and find out how many other babies were delivered in Northern Ireland that day. Often when I think of my own son I wonder what kind of life those 51 babies are going to have."

His original appointment was challenged by unionists, who queried his Irish roots. "My father was an orphan. He was raised by Lebanese. He spoke fluent Arabic and French. Never in my life did I hear him mention Ireland."

John Taylor, deputy leader of the Ulster Unionists, said at the time the senator was a "Seri with no powers." But the respect now shown him by both sides is a measure of his diplomatic and political skills.

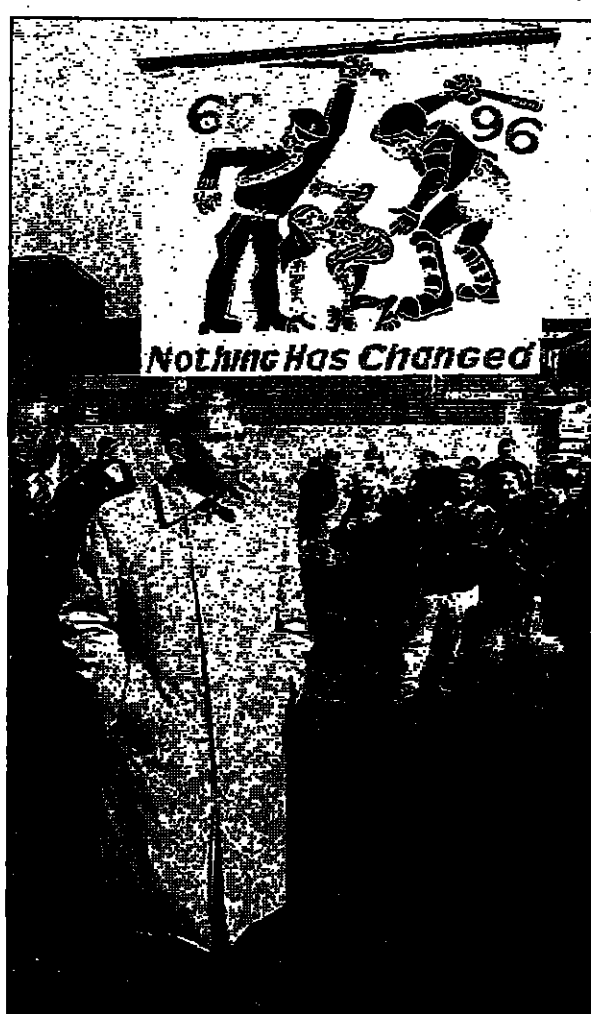
"The people here are really warm and generous to everyone except themselves," he says as he tucks into a breakfast of bran flakes and prunes before heading up to the talks building for the start of yesterday's session.

As the talks enter the final week Senator Mitchell's ability to cajole and encourage the participants could prove critical. After several late nights with his staff drafting an outline agreement, he faces a weekend of meetings with the parties trying to iron out remaining differences.

"They might of course all come back and say 'yes, yes,'" he says.

"But I think I know as a politician what the parties are facing... because of the history of violence as a means of political expression, and because of the accumulated grievance and hurt, political leaders are placed in extremely difficult positions. Their supporters all want accommodation but they want accommodation on their own terms."

BLOODY SUNDAY



Impartial inquiry promised

The Bloody Sunday inquiry, which opened yesterday, will be impartial and will not be influenced by the British government, said Lord Saville (pictured in London yesterday), chairman of the inquiry into the killing of 14 demonstrators by British soldiers in 1972.

"Our task is to try and find out what took place in this city that Sunday afternoon," he said in London, where the inquiry took place.

"It seems to us that we cannot simply try to reconstruct events as they

occurred on the streets that day without paying proper regard to what led up to those events," he said. A long campaign by survivors of the day, supported by pressure from the government of the Republic of Ireland, resulted in the Tory Blair, the UK prime minister, agreeing to a fresh inquiry.

John Hume, leader of the moderate nationalist Social Democratic and Labour party, said: "The families of the victims have sought this for 26 years and they have sought that the truth should be established." Picture: AP

Finance deal close for extra Heathrow rail link

By Charles Batchelor, Transport Correspondent

BAA, the airports operator, and the state-owned London Transport are on the point of agreeing a deal for BAA to finance the construction of a 2.5km extension of the London Underground railway to the proposed Terminal 5 at Heathrow Airport.

BAA would lease the line to London Underground for about 30 years, with the underground paying off construction costs from fares. This would continue BAA's interest in creating public transport links to Heathrow - it recently launched its Heathrow Express service to London Paddington station - and also extend London Underground's use of private sector finance.

Building a connection to Terminal 5 would add a short stretch to the loop that services Terminals 1-4. Underground trains would stop on the opposite side of the platform serving the Heathrow Express.

Despite the government's announcement last month of plans for franchising out the Underground's infrastructure to the private sector, the network faces a severe cash shortage in the immediate future. Deals which bring in outside finance are therefore very important.

BAA has been talking to the Underground for two years about the link. The public inquiry into Terminal 5, the longest running ever held, will reach its third anniversary next month. BAA has announced a tar-

get of ensuring that 50 per cent of air travellers come to Heathrow by public transport so as to cut congestion on the roads network. At present one-third of travellers use public transport.

The £440m (£785m) Heathrow Express is currently operating between Paddington and a temporary station on the edge of the airport. Air travellers cover the rest of journey by bus. When the fitting-out of the tunnels under Heathrow is complete in June travellers will be able to make the 26km journey in 15 minutes.

BAA has also made proposals for a direct rail link between Heathrow and London St Pancras station, which would be more convenient than Paddington for central parts of London.

Developer aims to halt HSBC move from City

By Norma Cohen, Property Correspondent

Developer Geoffrey Bradman has launched an effort to persuade investment bank HSBC Holdings to stay in the City of London rather than build a new £500m (£885m) headquarters at Canary Wharf in Docklands, to the east. His attempt is backed by the Corporation of London, the municipal authority for the City.

The bid illustrates the fierce competition between the City and Docklands to be home to Britain's financial services industry. Mr Bradman is understood to have offered HSBC very competitive terms for the site.

On Monday, HSBC announced it would build a 1.1m sq foot site in Canary

Wharf because, after two years of searching for a site in the City, it found it was unable to find a building large enough to accommodate roughly 8,000 staff.

But within hours of the HSBC announcement, Mr Bradman approached the corporation with plans to expand a development at Blossom's Inn in the City where he already owns substantial properties. Stuart Fraser, chairman of the corporation's planning committee, wrote to Mr Bradman on April 1. "I can confirm that the corporation is very keen to see HSBC remain in the City..." Mr Fraser wrote.

"Having considered this proposed scheme for HSBC's occupation, we are unanimous in offering our best efforts and support to ensure

that all necessary planning consents are achieved as quickly as possible."

The letter says the support for the project "is extended on condition that the building will be occupied, in the first instance, by HSBC."

Mr Fraser warns in the letter that he cannot promise the corporation will give planning consent but says: "I can confirm that my colleagues and I recognise the need for a positive decision in this case and as soon as a formal application is submitted it will be treated with utmost speed by the Corporation."

A spokesman for HSBC said the decision to move to Canary Wharf had been taken at board level and is final. "We have an agreement in principle," he said.

Struggling to rein in steeplechase enthusiasm

Jockeys urged to show restraint on eve of Grand National, writes Colin Cameron

A senior steward will enter the weighing room at Aintree racecourse in north-west England today and try to persuade jockeys about to ride in the Martell Grand National to proceed with caution when the starter's tape rises for the world's greatest steeplechase.

It would probably be easier to pick the race winner than to convince the 40 riders about to receive a leg up for the 4½ mile (7.2km) test of stamina to take it slowly to the first of 30 obstacles. Winning is a personal quest for many jockeys. In seven attempts 40

years ago, Beltran, the "Iron" Duke of Alburquerque, broke most bones in his body trying to win. Today's field will contain plenty similarly possessed.

The stewards, more often concerned with riders who do not try hard enough, are on this occasion as worried that no one over does it. Safety of both rider and horse is paramount. The race has claimed seven horse's lives since 1989 and many jockeys have been injured.

The fences, says Peter Webbon, the Jockey Club's chief veterinary adviser, are a shock for anyone, espe-

cially The Chair, at 5ft 2in (1.57m) the biggest. Jumping at speed increases the likelihood of injury, and Mr Webbon endorses the pleas for restraint at the start. He also hopes that every runner is fit enough to take on the challenge of Aintree. A lack of preparation can be fatal.

The likely soft ground is, says Mr Webbon, good news because it slows the field down. But such conditions do not make for especially competitive Nationals. Only six from 36 starters completed in 1994 when the going was heavy, against 15, 17 and 17 respectively in the next three years, from smaller fields when the ground was officially good.

Over the years, safety

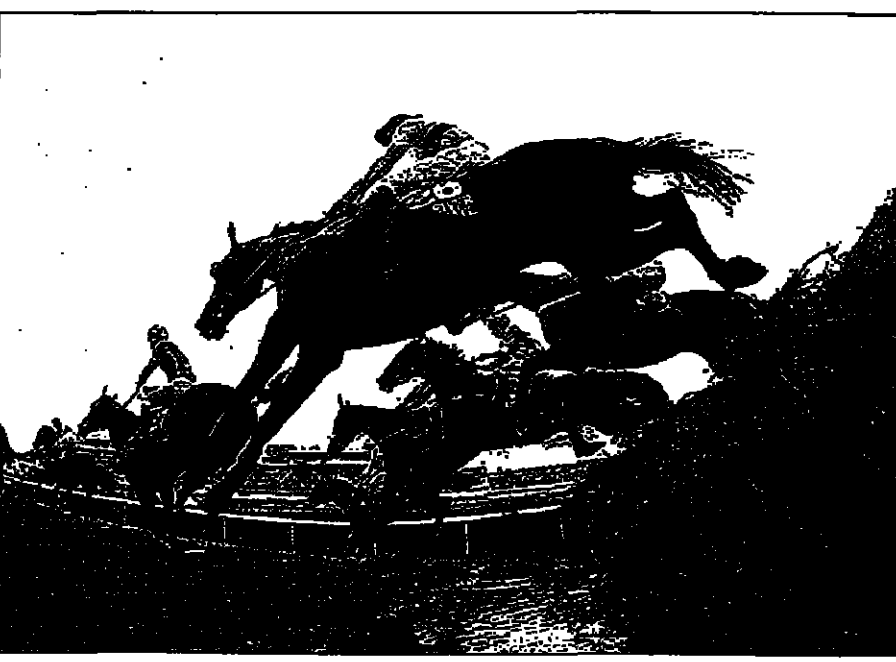
measures have shortened the odds in favour of horse and rider completing the race's two circuits. The maximum size of field is now limited to 40 (some 66 runners faced the starter in 1926). And since the 1989 race claimed two more horses' lives, all riders must have won at least 15 National Hunt races to take part, and all runners must be rated 110 or more by the handicapper, ruling out poor quality jumping stock.

Becher's Brook, Aintree's most formidable obstacle, was also modified after the 1989 National. The landing site, which sloped back towards the brook named after Captain Becher, was levelled and the water in

which Conrad deposited him in 1899 was drained to no more than a cosmetic depth.

Changes to Aintree and the National reflect the Jockey Club's desire for safety at Britain's 69 racecourses. Mr Webbon's veterinary team is establishing a database of injuries suffered in racing - and information on fatalities in the past 10 years - so patterns to injuries horses suffer while racing can be studied and changes introduced.

"Everyone has anecdotes and opinions about why horses get injured," says Mr Webbon. "What we need is hard data so that we can identify cause and make any changes that will make racing safer."



Race stewards hope new standards will cut deaths and injuries

Alport

NEWS DIGEST

AIRLINES

Low-cost operators angry over BA offshoot's fares

Low cost airlines have reacted with legal action, price cuts and a torrent of insults to the launch this week of Go, British Airways' new budget carrier. Go's announcement that it would begin flying from London's Stansted airport to Copenhagen, Milan and Rome for introductory return fares of £100 (£167) met a withering response from Michael O'Leary, chief executive of Ryanair, the Irish carrier. "We notice they're not competing on any of our routes," said Mr O'Leary. "They know we'd undercut their fares. They are shouting about their introductory offer. Ryanair doesn't have introductory offers. Instead we currently offer the lowest fares on all the routes we operate. I'm also assuming that Go's reference to other airlines offering only one or two seats at an advertised price cut refers to British Airways."

Go is also avoiding routes flown by EasyJet, which operates from Luton airport. But Stelios Halkiopoulos, EasyJet's chairman, said he intended to press ahead with a High Court action against BA, which he alleges is abusing its dominant position through its financial support of Go. BA is underwriting the losses on Go's Boeing 737 aircraft.

Mr Halkiopoulos said Go's decision to avoid his routes made no difference to his case. "We see this as a temporary situation. With our 12 new aircraft, to be delivered within the next 18 months, and Go's growth plans, we will be crossing swords very soon. In fact, all three cities are on our shortlist as destinations within 1999." KLM UK said it was cutting its Stansted-Milan return fare to £100 to match Go's offer. Michael Skopinkier, London

MEDIA COMPANIES

Court case looms

The prospect of a court hearing in a dispute involving three leading UK media companies loomed yesterday after a High Court injunction was granted in London to United News & Media to prevent one of its directors joining a rival. United gained an injunction against Stephen Grabner, its head of consumer publishing, who has already cleared his desk at the company after being recruited as chief executive of British Digital Broadcasting, BDB, a digital terrestrial television group jointly owned by Granada Group and Carlton Communications. BDB is due to launch in the fourth quarter of this year and wants Mr Grabner to join as quickly as possible to work on the launch.

BDB is thought to have pressed for a rapid hearing in order to improve its chances of gaining Mr Grabner's services in time for its launch. The United injunction seeks to stop him joining BDB before January next year. United holds a stake in SDN, a digital television venture with the rights to a band of frequencies that could be used to increase BDB capacity. BDB is due to launch with 15 channels, but a deal with SDN would raise this number. Mr Grabner has headed United's national and regional newspaper operations. John Gapper

CHANNEL ISLANDS

Row over stock exchange plan

Plans by Guernsey to establish a Channel Islands Stock Exchange have come under fire from neighbouring Jersey. Guernsey and Jersey are the largest of the islands between England and France. The project is Guernsey-based and the Jersey authorities are unhappy at the proposed use of the Channel Islands prefix. "We are not happy with this at all," said Senator Frank Walker, the president of Jersey's finance and economics committee. "If Guernsey want to establish a stock exchange then it is entirely their prerogative, but calling it the Channel Islands Stock Exchange suggests that we are involved and we are not."

The exchange, which will initially provide a listing facility for CI companies, funds and eurobonds, will have two types of members. Trading members will deal in listed securities and listing members will act as listing sponsors for issuers. The Guernsey authorities are being advised on how to set up the exchange by the International Securities Consultancy, based in London and Hong Kong. Philip Jeune

ART MARKET

Sainsburys sell Modigliani

Sir Robert and Lady Sainsbury are selling a Modigliani portrait at Sotheby's, the auction house, for an estimated price of £4m to £5m (£10m). The proceeds will be used to found a unit for Japanese cultural studies at the University of East Anglia. The painting, which will be auctioned on June 30, was painted in Paris in 1918. Its subject is Baranowski, a young Polish poet who was a friend of Modigliani. Melanie Clore, deputy chairman of Sotheby's Europe, described it as "a very sensitive, tender portrait of someone whom Modigliani was very close to". The Sainsburys, long-standing patrons of the University of East Anglia, bought the painting in 1937 as one of the first acquisitions in their 20th century art collection. Alice Rawsthorn, London

ECONOMY

Demand for services dented

Sterling's strength has made a slight dent in overseas demand for British services, but labour shortages and backlogs of work testify to the continued strength of domestic spending. Activity in the services sector continued to grow rapidly last month, albeit slightly less quickly than it had in February, the Chartered Institute of Purchasing and Supply said yesterday. One in five companies reported a rise in outstanding business. The growing backlogs signalled the inability of many service providers to expand capacity quickly enough to meet demand. Supply bottlenecks were most evident in the labour market. Service sector employment rose at its fastest rate since last August, with all key sectors reporting a rise in permanent jobs created. Robert Chote, London

COMMENT & ANALYSIS

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East-West
non-accord

While European and Asian leaders converged on London for the second of their biennial summits, their stock markets chose this week to play divergent courses. In the UK and continental Europe, euphoria reigned – causing equities to hit record levels. Japan, in contrast, saw the Nikkei 225 index fall 7.3 per cent on the week. Other Asian markets took their cue from Tokyo, while Wall Street remained in the buoyant camp with Europe.

Given the propensity of global markets to move in lockstep, this polarisation between east and west is striking. The divergence in stock market behaviour is also potentially at odds with the views of Norio Ohga, chairman and chief executive of Sony, who declared on Thursday that the Japanese economy was on the brink of a collapse that could cause a worldwide recession.

Comparing the Japanese prime minister Ryutaro Hashimoto with Herbert Hoover, the US president during the early years of the 1930s depression, Mr Ohga called on his government to abandon plans for increased spending on public works projects and to stimulate consumer demand by cutting taxes related to house buying.

It is hard to argue with the thrust of such a diagnosis. This week's Tankan survey of business confidence described an economy where demand was stagnating, with companies simultaneously cutting inventories, labour and capital spending. At a record level of 3.6 per cent, Japanese unemployment continues to rise.

Against the background of the collapse of a medium-sized financial institution, Daiichi, the Tankan reveals ample evidence of a credit crunch in the banking system. This is despite the Bank of Japan pumping out liquidity at an unprecedented rate. The financial structure still teeters on the brink, with public support for bank rescue fluctuating in a way that can only be unnerving to policymakers.

Manipulation failed

The plunge in share prices in a week that straddled the Japanese financial year-end indicates that people do not expect the government's latest ¥16,000bn (£12bn) fiscal package to provide the requisite stimulus for the economy. The traditional year-end manipulation of the market to shore up the value of equity holdings in bank balance sheets has failed. Yet Mr Ohga's solution is by no means fall-safe.

In his historical comparison, Sony's boss has certainly picked

the right decade. Japan is suffering from debt deflation of the kind that afflicted the US in the 1930s. But the history of the past 18 months in Japan bears a closer comparison to the period under President Roosevelt. In 1937 when industrial production collapsed thanks to premature fiscal retrenchment.

Stunned by corruption

There is no question that more public works spending in Japan would now be economically inefficient. But nor is there any guarantee that cutting income tax would work. Japanese consumers have been stunned by corruption scandals, demoralised by collapsing stock and property prices, shocked by the demise of well-known banks and brokers, and weighed down by debts incurred in better times. They are now paying off debt and taking their deposits away from smaller banks. The money is going into the postal savings system, the biggest high street banks or, to a disturbing extent, into safe-deposit boxes at home.

When confidence has collapsed to this degree there is a real risk that tax cuts would be saved, not spent. There may be circumstances, as Keynes pointed out in the 1930s, where it is even worth putting people to work digging otherwise pointless holes in the ground as a means of kick-starting the economy.

This lack of confidence is one problem that the men from the Ministry of Finance appear finally to have grasped. They have placed bizarre advertisements on posters and in magazines across the country urging people to devote the proceeds of recent tax cuts to lavish spending. And they may have to advertise some more. The unmistakable message of the Tankan survey is that a bigger boost will be needed and that Japan's Fiscal Stability Law – its equivalent of the Maastricht Treaty deficit criteria – will have to be changed.

None of this casts euphoria in Europe and on Wall Street in an entirely happy light. If Japan succumbs to deflation it will be hard for the US and Europe to escape a profits squeeze as Asia tries to export its way out of trouble. If there are further and larger collapses in the financial system, the risk of systemic problems in global banking will increase. At the risk of repetition, the best hope for both east and west is that the market will shock Mr Hashimoto into taking the full measure of Japan's problems. That is another way of saying that the markets have yet to grasp fully what is at stake.

Millennium bomb futures

Markets can make money out of anything – even the chaos that widespread computer failure would bring on January 1 2000, says Simon Davies

Mention the millennium bomb to most people, and it will spark images of crashing computers, stuck lifts and air-traffic chaos. But there are a growing number of people for whom it will flash up dollar signs.

Several of these would-be "millenniumaires" have employed strategies based on the potential for financial mayhem in the period leading up to – and probably following – January 1 2000. These range from buying shares in consultancy companies now, to elaborate plays on interest movements in the months and years after the big day.

The problem – and opportunity – stems from the fact that most computer systems recognise only two digits for the date. They will therefore be unable to differentiate between the years 1900 and 2000, causing them to malfunction. The flaw also applies to many micro-chips, which are used in all manner of household goods. It will take billions of man hours to resolve, and the deadline is fast approaching. Indeed, because some financial services such as insurance contracts and credit cards are already due to expire in or after 2000, failures are already showing up.

Bank systems may crash, manufacturing companies may grind to a halt, pensions may not be paid and vital products may not be shipped, but the markets will grind on.

There is money to be made when prices fall as well as when they rise, and there will be winners as well as losers.

"It is like a hurricane coming," says Martyn Emery, director of Corporation 2000, a consultancy that advises businesses on coping with the millennium bomb. "After the hurricane passes, if you are in the roofing or construction business then it can still be a boom time."

For those in the roofing business, the worse the hurricane, the better it gets. The Gartner Group, the US researchers, has estimated the cost of rising to the millennium challenge to be \$600bn.

Merill Lynch points out that this is a snip compared with, say, the second world war, but it is considerably greater than the cost of the Vietnam conflict or the Kobe Earthquake (see table).

Big banks put the cost of debugging their computers at \$30m-\$250m. General Motors recently said it would cost between \$360m and \$500m to update its systems, while Unilever, the consumer products group, has increased its estimate for the cost of sorting out the problem to \$300m.

And these foreseeable costs before January 1 2000 (or Y2K as the computer jargon has it) may be smaller than the unforeseeable effects that could occur afterwards.

Edward Yardeni, chief economist at Deutsche Morgan Grenfell in New York, argues: "To me, the biggest cost of this millennium issue will be a global recession, and the effect that has on the stock market." He argues that the risk of a recession as a result of the millennium timebomb is now at 60 per cent.

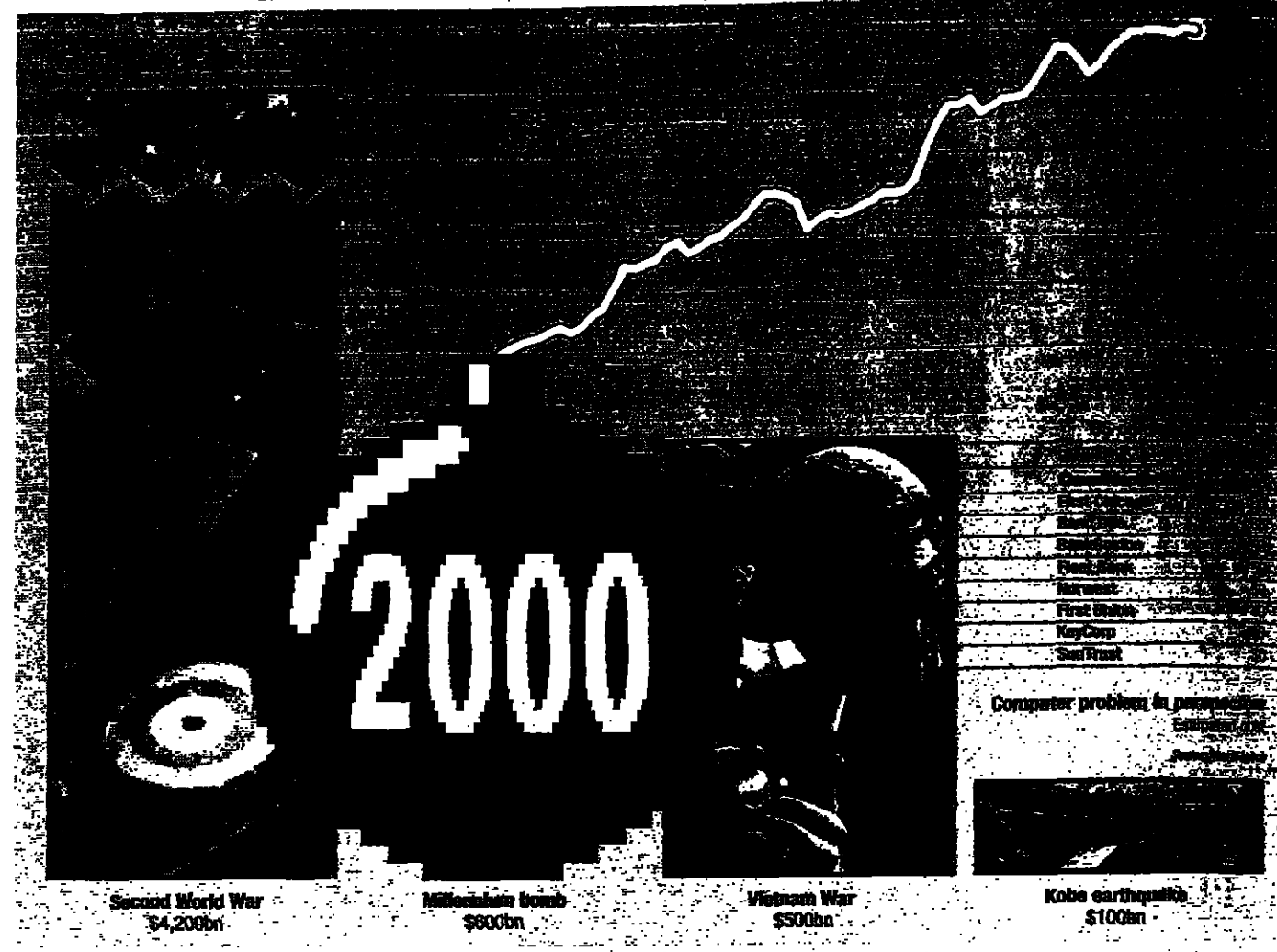
Even Tony Blair, the UK prime minister, said this week: "If we don't tackle this problem, the economy will slow as many companies divert resources to cope with computer failures and some even go bust."

Investors have already latched on to the most immediate opportunity by snapping up shares in information technology companies, which are reaping huge rewards from fixing computer systems.

The UK's FTSE Information Technology index has risen by almost 50 per cent in the three months since it was launched at the start of the year, outstripping the All-Share index by 27 per cent. The same phenomenon has appeared around the world.

This is the simplest of plays. But investment strategies are becoming much more sophisticated than that.

Recently, some US hedge funds pursued the so-called Millennium Fly strategy, where investors sold December 1999 Eurodollar futures, and bought a similar number of contracts in September 1999 and March 2000. The theory



behind this was that if chaos strikes, nobody will want to lend money in the money markets – at a time when a lot of cash is being withdrawn from banks to finance the festivities. If so, the price of the December contract could fall as interest rates rise, and the sellers of the contracts could clean up.

In the stock market, investors are responding to the ticking bomb by starting to discriminate between companies that can become millennium-compliant at an early stage and those that cannot.

If there are problems in the financial system, money will converge on safe banks. UK banks, for example, are widely reckoned to be ahead of the curve.

Companies with relatively self-contained supply chains, such as electricity groups, are obviously better placed than those reliant on worldwide distribution via a chain of foreign transport and supply companies.

Industries such as aviation will have the hardest job. This involves multiple layers of technology, reliance on outside suppliers such as airport authorities and high cashflow requirements to meet aircraft leasing costs.

SBC Warburg, the European investment bank, is considering launching a series of call options – derivatives giving investors the right to buy an investment at a fixed price on a future date – against baskets of Y2K-friendly

stocks, from computer-compliant banks to IT service companies.

More broadly, the global diversity of many large businesses is a big worry – and a big opportunity for those that are prepared in time. Even if the majority of the world's countries fix every single one of their computers, significant problems could still be imported from the handful that did not.

"There are some regions that will be hit really badly," says Mr Emery. "Areas like Indonesia or Brazil, where there has been an explosion in IT usage in the last six years, but they don't have the skill base to tackle this problem."

Take coffee, for example. If there are significant problems with Brazilian, Indonesian or Colombian infrastructure, it would be a struggle to get beans to western markets, as telecommunications systems or ports grapple with systems failure. That is good news for anyone who has bet their house on the coffee futures market.

Obviously, the millennium bomb is only one of the things the markets are concerned about. As Mr Yardeni says: "Some time between now and January 2000, we are going to see the top of the market, and the beginning of the bear market."

Computer crashes could be marginal compared with a stock-market crash. But the 2000 trouble could affect share prices in

many indirect ways. Much of Mr Yardeni's concerns focus on the US government agencies, many of which have admitted they are unlikely to fix their systems in time.

US federal, state and local government spending represents an estimated 17.5 per cent of gross domestic product. Any problems could feed rapidly through into the real economy.

There are a lot more alarmist theories around than just recession. "The nuclear regulatory agency has indicated that if licensees do not show that they are compliant by July next year, then they will be taken out of service," says Dennis Grabow, chief executive of the Millennium Investment Corporation, another consultancy.

Of course it is possible that the hundreds or so nuclear plants in the US will all comply, and that there will be no subsequent power shortages. Mr Grabow, mindful of recent problems in Auckland and Montreal, is not counting on it.

Under such doom laden projections, the sensible investment options would be the traditional safe havens, such as gold – which could of course benefit from production problems – dollars and US government zero coupon bonds. Or, of course, you could go to the opposite extreme and just buy champagne for the millennium party. Bubbly prices have not gone up. Yet.

LETTERS TO THE EDITOR

Asset ownership: the key to a nation's strategic power and corporate health

From Mr Anthony H. Rowley.
Sir, So-called "Cool Britannia" (April 1) is in reality no more than Fools' Britannia, as is obvious from the fact that Rolls-Royce Motors is about to become the last British motor manufacturer to pass under foreign control.

It would have been understandable (though no less deplorable) if this had happened under former prime minister, John Major, since he was heir to a Thatcherite tradition which ignored the national interest and promoted the rights of international capital above all else.

That it should happen under a nominally socialist government proves just how unworthy the present government is to inherit the mantle of new "Labour". However doctrinaire previous Labour governments may have been, they could not be accused of ignoring the national interest. There is no other G-7 economy where the motor industry has

been allowed to pass entirely under foreign control, as it has in the UK. Why is this? It is because the other G-7 nations are "advanced" enough to realise that control is control, and that the power to make strategic decisions which benefit the national interest resides in the fact of ownership.

The truth is that in Fools' Britain the interests of shareholders and managers have been elevated above all else and they have little regard for anything but mammon. The pursuit of that will end in an ultimate loss of national purpose and pride. As Shakespeare said, this (England) "dear for her reputation through the world, is now leas'd out. This land that was wont to conquer others, hath made a shameful conquest of itself."

Anthony H. Rowley,
Nishi Azabu 2-18-2,
Minato-ku,
Tokyo 106, Japan

From Mr David Marshall.

Sir, Richard Adams's examination of the UK economy's health with a strong pound ("Sterling on steroids", April 1) deserves deeper analysis. In a fiercely competitive global industry, UK aerospace has consistently reported the highest added-value performance in Europe over the last 10 years, with comparable efficiency to that of the US.

It contributed a £3.9bn positive contribution in 1996 to the trade balance, an unchanging performance over 10 years. The ability to do this is directly related to this industry owning its physical assets and intellectual property. I suggest that this is the last of the UK's manufacturing engineering industries to do so.

David Marshall,
director-general,
Society of British Aerospace
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Alarming for the yuppies

From Dr Cho-On Khong.

Sir, In your excellent survey of Singapore (March 31), Sheila McNulty writes ("Grip on society loosens slightly") of the yuppie obsession with the four Cs in life – "condoms, cash, cars and credit cards". It used to be, once upon a time, that the four Cs which yuppies aspired to in Singapore were a condominium apartment, a car, credit cards aplenty and country club membership.

I am glad to see that the property market downturn in Singapore has at least made home ownership more accessible, though I note with some alarm that the government's famous policy to encourage its citizens to procreate should result in condos becoming a rare and highly prized commodity among yuppies less inclined to toe the line on this particular edict.

Cho-On Khong,
34 Temple Street Road,
London SW14 7QG

A stylish means with which to gloss over life's little imperfections

From Mrs J.C. Whiteford.
Sir, Does not Vanessa Friedman's article, "Pleats come out of the closet" (March 21-22), deserve some rejoinder? We learn that there are "few garments less flattering" than the pleated skirt and that it is "the loathsome secret... in the back of everyone's closet".

It's hard to decide whether Ms Friedman lives in a world peopled entirely by stick-thin, six-foot tall models or whether she is being deliberately provoca-

tive. Or – on third thoughts – is she just too young? Too young to remember how smart a well-cut, well-styled pleated skirt looked on a far-from-perfect figure and glossed over some of its imperfections? Too young to remember that the other fashions she criticises – the stiletto heel, the pencil skirt, comfortable or excruciating, elegant or ill-proportioned – caught on like wild-fire and lasted for, in fashion terms, a long time? In fact, they are showing signs of making a comeback.

If the pleated skirt is really meant to "infantilise" the customer, surely the short straight skirt – its uncompromising lines stressing the short-comings of uncomely knees and heavy thighs and unshapely legs at all ages from 15 to (Heaven forgive us!) 50 – is intended to trick her into presenting a kind of caricature of herself. And the long straight skirt has the sole blessing (a considerable one, admittedly) of concealing knock-kneed or bowed or matchstick-

style or short and stubby legs. Your How to Spend it section remains ever informative and entertaining – and seductive. We want it to remain "style-savvy" even if we can't often afford (physically and economically) to indulge our yearnings. Long may it continue to fascinate and tantalise us.

J.C. Whiteford,
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A message from R W Rowland, Lonrho's largest personal shareholder

Lonrho Plc -
your vote counts

Dear Lonrho shareholder,

Your company has sent out a circular on the Tavistock - Lonrho Share Buyback. Purchase of the Tavistock coal mines in South Africa is linked with the Buyback of 166.7 million Lonrho shares from Anglo American or its agents. Before voting, remember:

- Lonrho's share price is down more than 25% for the year whilst the FTSE-100 is soaring.
 - The linked deals will raise debt to uncomfortable levels, as chairman Sir John Cavenham admitted at Lonrho's AGM last week.
 - Duiker, Lonrho's quoted South African subsidiary which is the vehicle for the Tavistock purchase, has been the subject of several "sell" recommendations since the acquisition was announced. Duiker's share price has dropped by more than 20% to R3.70 per share this week.
 - The assumptions and forecasts made by Lonrho's directors about the coal market (and therefore about Duiker's future earnings), are optimistic and are broadly out of line with market expectations of several brokerage-houses, other than the one advising Lonrho.
 - Analysts expect Lonrho Africa shares to start trading at a discount to Net Asset Value, which will have an impact on the current valuation of Lonrho Plc.
 - The net price of the proposed Buyback of Lonrho shares makes the Buyback look marginal, given the discount applied by the market to Lonrho's share price.
- Either both transactions must go ahead, or neither. Both are up for approval on April 9th, the Thursday before Easter, at the Lonrho EGM.
- As the largest personal shareholder, I find it hard to see added value in the EGM proposals. As the founder of Lonrho Plc, I see none and will vote against both proposals on Thursday 9th April.

Yours sincerely

Tim Rowland

R W Rowland 3 April 1998

See note 5 on page 94 of the Lonrho Circular on the Tavistock - Lonrho Share Buyback proposals.
See page 9 of the Lonrho Circular on the Tavistock - Lonrho Share Buyback proposals.
See page 102 of the Lonrho Circular on the Tavistock - Lonrho Share Buyback proposals, especially the sharp increase in the turnover forecasts for the year 2001, which implies a price increase of 15-20% for the expected coal. A figure which looks rather unrealistic, if compared with forecasts for coal prices during the next couple of years.
While the calculations in this advertisement are carefully based on publicly available information, R W Rowland's message is not intended to constitute investment advice.

VOTE AGAINST
THE EGM
PROPOSALS

PERSONAL VIEW
Anato
France



MAN IN THE NEWS NORIO OHGA

A conductor calls time

Paul Abrahams profiles the Sony chairman who has dramatised for the world the catastrophic state of the Japanese economy



Jet pilot, operatic tenor, occasional orchestra conductor - Norio Ohga is not your average salaryman. This week, Sony's chairman took on a new role as economic pundit. In the process, he delivered a devastating critique of the management of the Japanese economy.

Before an audience of international journalists Mr Ohga castigated Japan's politicians for their policy paralysis, warning that the Japanese economy was on the verge of a collapse that could cause a global recession. He compared the prime minister Ryutaro Hashimoto to Herbert Hoover, the US president during the Wall Street crash of 1929. It was a virtuoso performance, delivered in English. Its echoes reverberated around the world.

The speech had all the more impact because Japanese executives are not supposed to behave this way. But then Mr Ohga, who was chief operating officer of Sony from 1982 and chief executive between 1989 and 1995, has never been a conventional boss. His first love was music, not business. It was when he wrote a series of stinging letters criticising the quality of Sony's early tape-recorders that he first came to the attention of the company.

When Sony's founder, Masaru Ibuka, met the voice student at the Tokyo National University of Fine

Arts and Music, he was so impressed by the student's technical knowledge that he offered Mr Ohga a job. To Mr Ibuka's dismay he refused it. Instead, the young singer set off to Berlin with his fiancée - his piano accompanist - for further study. While there, he met the celebrated conductor Herbert von Karajan who became a lasting friend. Mr Ohga was with Karajan when he died.

Eventually, Akio Morita, Sony's co-founder, lured the musician into the business, making him head of Sony's tape-recorder division in 1959. Over the next four decades, Mr Ohga was heavily involved in a series of products that transformed Sony.

While Mr Morita attended to the broad strategy, Mr Ohga dealt with the detail. His background in music and astonishing attention to minutiae helped him develop the cassette recorder with Philips of the Netherlands, condemning reel-to-reel tapes to oblivion in the 1960s. In the 1970s he helped co-ordinate the development of the Walkman. He then

spotted the potential for the compact disc, working again with Philips, to bring the product to market in 1982 against fierce opposition from much of the music industry. Finally, as chief executive in the 1990s he pushed for the MiniDisc, a small recordable compact disc, which has been a huge success in Japan. After a slow start, 1m of the machines have been sold in Europe.

His track record for technical detail, design skills and grasp of market potential propelled him rapidly through the ranks of the Sony hierarchy. By 43 he was corporate managing director, at 46 deputy managing director. His ability to make decisions quickly - most of his meetings take 10 minutes - was an unusual talent among normally dilatory Japanese executives. It took just 20 minutes for Mr Ohga and Mr Morita to decide to buy CBS Records, then the world's largest record group, for \$2bn. In 1987, it was the largest overseas acquisition of a foreign company.

In 1982, he became president and chief operating officer. During the 1980s - apart from the Betamax fiasco, when the company promoted what it believed was a superior video cassette recorder - the group could do no wrong.

Mr Ohga claims that a corporate manager is like an orchestra conductor. But by the time he became chief executive officer in 1989, Sony's divisions were starting to play different tunes in different keys. During the early 1990s, the business was faced with stagnation in its traditional audio-visual markets at home. Overseas, exports began to suffer as the yen rose, making Sony products more expensive, or reducing the value of sales generated in foreign factories.

But his worst disaster was the decision to buy Columbia Pictures - later known as Sony Pictures Entertainment. Sony paid \$3.4bn in 1989 but proved incapable of managing a Hollywood business. The films were flops. Costs spiralled out of control. One executive was

found to have used the corporate jet to send flowers to his girlfriend. Mr Ohga often pilots Sony's executive jet but has never been known to behave like this. In 1994, a year before he became chairman, handing over operational control to his successor, Mr Ohga had to write off \$2.7bn, covering the provisions for his Hollywood adventure.

With Nobuyuki Idei taking over as president in 1995, Sony has regained its pizzazz. A new management team at Sony Pictures Entertainment was installed in October 1996, and is creating profits and critically acclaimed movies. In electronics, Sony has launched the Playstation, which after little more than two years is generating 10 per cent of group sales and 20 per cent of operating profits. The Playstation's launch knocked Sega Saturn product out of US home entertainment. Sony is market leader in notebook computers in Japan. New products, ranging from digital televisions to cameras using floppy disks, are being rolled out.

Despite its ups and down, Sony's progress under Mr Ohga's tutelage was impressive. When he took over as chief executive in 1989, the company had just reported record consolidated sales of ¥2,145bn and net income of ¥72.47bn. In the financial year ended March this year, it is expected to post sales of ¥6,600bn and net profits of ¥210bn. Over the same period the group's shares have more than doubled, while the Nikkei 225 has fallen 60 per cent.

Mr Ohga is also chairman of the Electronic Industries Association of Japan, heading up committees in talks with the US about semi-conductors. He has taken up conducting symphony orchestras. For his 60th birthday, Sony bought him a concert with the Tokyo Philharmonic. Since then he has conducted in Germany and with the Metropolitan Opera Orchestra at the Lincoln Center in New York.

But his new role as economic pundit may yet prove his most successful. In Japan, people still listen carefully to respected elders, however unconventional. Until this week, much of the Japanese political establishment appeared blind to the extent of the recession facing the country. But this week's combination of a falling currency, plunging stock market, and Mr Ohga's intervention may yet prove a turning point. The conductor tapped his baton.

PERSONAL VIEW DOMINIQUE MOISI

Anatomy of France's right

Two court decisions this week indicate that the country is not about to be swamped by the National Front

Le Mal Français exists. But its depth and gravity should not be exaggerated. France is not about to be ruled by the extreme right. The country has just reminded us, through two legal decisions, that it remains deeply democratic.

The first, the condemnation of Maurice Papon, is a triumph for democracy and justice. The relatively moderate nature of the sentence - 10 years, as opposed to the 20 sought by the prosecutor - should be perceived as a sign of serenity, not of weakness. For the first time, France's courts have recognised the contributing role played by Vichy France in Hitler's Final Solution, incarnated by the ambitious and immoral figure of Papon, secretary-general to the Prefecture of Bordeaux during the war. For present and future generations of top-ranking civil servants, the lessons of the Papon trial are equally important. The state they serve does not necessarily protect them from any form of accountability. Henceforth, morality must coexist with *raison d'état*.

The second verdict, condemning Jean-Marie Le Pen, the leader of the extreme-right National Front, to a two-year ban from standing for office is not historically as important. Mr Le Pen has been struck off for acts of violence towards an elected politician of the left. The ageing demagogue is on his way out, about to become a "detail of history", to use the expression that he himself used to describe the gas chambers of the Holocaust. Few will miss him. But

Bruno Megret - his number two and a man who has adopted a cold, calculating strategy - could turn out to be even more dangerous politically.

After regional elections last month, parts of the conservative right accepted alliances with the National Front in order to stay in power. These pacts could constitute the most important political transformation of the right for many years. To understand why, one must take into account a combination of historical, ideological and ultimately political factors.

Since the French Revolution, the right in France has been divided into three parts. The first, sometimes called "legitimist", is counter-revolutionary, anti-democratic and anti-republican. The legitimists supported Pétain and Vichy; the National Front is their closest incarnation.

The second strand of the right, the liberal, has come to terms with the French Revolution, but not the Terror. It is within this section of the right that the temptation to make an alliance with the National Front has been greatest.

The third element, which emanates from Bonapartism, is today closely linked with the Gaullist party. The question is: how could those speaking in the name of General De Gaulle even envisage the possibility of an alliance with the descendants of Vichy?

Ideologically, the French have a tendency to keep fighting the battles of the past. The publication last year of *The Black Book of Communism*, which

describes and counts the millions of dead resulting from communism, came as a welcome opportunity for many conservatives. It allowed them to justify in moral and political terms their acceptance of an alliance with the National Front. How could the left, in power in a coalition which includes the Communists, dare to give lessons in morality to the parties of the right?

The very demise of the Communist party has paved the way in socio-economic terms to the blooming of the National Front. The popular protest vote has largely moved from the extreme left to the extreme right, helped by a combination of unemployment and insecurity, attributed to supposedly unchecked immigration.

At stake in the present crisis is the recomposition of the French right. Conservatives will have to decide whether the time has come to create a new party of the centre that can offer protection against the temptations of the extreme right. A change of generation in the leadership is badly needed. But, the availability of modern, reasonable, competent, and charismatic leaders is far from evident.

France is probably sicker politically than is generally thought. Yet the country has surmounted crises far worse than this. The land of Liberty, Equality and Fraternity is more resilient than many foreign observers realise.

We are not living in 1936. The European Union itself constitutes the best guarantee of democracy, even if its own democratic pattern is far from perfect. France will endure.

Starr in the descendant

Nancy Dunne on the prosecutor still delving into presidential wrongdoing

Kenneth Starr, the independent prosecutor investigating President Bill Clinton, found himself in the hot seat this week when an Arkansas judge threw out the Paula Jones sexual harassment case. Left to investigate perjury and obstruction of justice based on a law suit that never even made it to court, Mr Starr is coming under political pressure to "put up or shut up". He should, the argument goes, hand over to Congress what evidence he has against the president or close the 3½-year investigation.

Poll after poll shows Mr Starr to be deeply unpopular. He is widely viewed as a partisan zealot out to get the president. Sixty-seven per cent of Americans polled after the Jones case was suspended said all investigations of the president should be dropped.

But lawyers who know Mr Starr and tried cases before him when he was an appeals court judge insist he is trustworthy and fair. "He is a totally honest, totally ethical person, and he's the person you would want investigating you if you had done nothing wrong," says one Republican lawyer.

Oddly enough, the president and the prosecutor have much in common. They are from the same generation and the same part of the US. (Mr Starr was born in Texas 28 days before Mr Clinton entered the world in the neighbouring state of Arkansas.) Like the president, Mr Starr grew up in humble circumstances in a south then being torn apart by the struggle over civil rights. Both "baby boomers" went east to college, collected law degrees from prestigious universities, and avoided service in the Vietnam war.

But in other ways, the gulf between the two men is vast. Mr Starr's home state. The president is the stepson of an abusive alcoholic and the son of a gambling mother. He attended a Jesuit college. Mr Starr's father was a minister of the Church of Christ, which preaches against the sins of swearing, dancing and drinking alcohol.

Both men are avid church-goers. But the stars of Christianity diverge. Mr Starr once had a summer job selling bibles and for two years attended a college affiliated with his church. As a traditionalist and a family man with three chil-



dren, he is reported to be disgusted by the president's alleged infidelities, particularly his reported affair with Monica Lewinsky, then a 21-year-old White House intern. Both men start the day jogging, but Mr Starr adds praying and hymn-singing to his morning ritual. Mr Clinton prefers rock and roll.

Both men were considered outstanding students. Mr Starr launched his career working as a clerk for Warren Burger, then chief justice of the Supreme Court. He joined a Washington law firm before being appointed the youngest judge ever on the US Court of Appeals. He served as solicitor-general under President George Bush, where he was seen as a moderate conservative. He went on to become a partner at a Chicago law firm, until he was plucked by a special three-judge panel to investigate allegations of wrongdoing by the Clintons in the Whitewater property development.

If Mr Starr feels any kinship with Mr Clinton, he conceals it well. As the allegations against the president have mounted, he has become

known as the keeper of the gates: "Travelgate" - a mini-scandal involving firings at the White House travel office; "Filegate" - the unexplained appearance of hundreds of security files on Republican officials in the White House; and even "Segate" - accusations of sexual misconduct by Mr Clinton and charges that he sought to hide it by inciting witnesses to commit perjury.

So far, Mr Starr's team has won only one significant case: against Jim Guy Tucker, then Arkansas governor, and Jim and Susan McDougal, the Clintons' Whitewater partners. The conviction, however, was not linked to the Clintons. After more than two years, Mr Starr has closed his investigation of the suicide of Vince Foster, counsel to the White House. Conspiracy theorists believe Mr Foster was murdered because of some connection with Whitewater.

While Mr Clinton is as skilled at the wily art of politics as any president since Franklin Roosevelt, Mr Starr's detractors say he has a "tin ear" for public relations. He has

attracted charges in Little Rock, Arkansas, of prosecutorial over-zealousness. When Mrs McDougal refused to testify against Mr Clinton, saying she was being forced to tell only what prosecutors wanted to hear, she was taken away in leg irons in full view of television cameras and imprisoned for 18 months.

Mr Starr's admirers say he has been subjected to a smear campaign from the White House. Four former attorneys-general (one of them a Democrat) called for an end to "the severity of the attacks" on Mr Starr, saying they "appear to have the improper purpose of influencing and impeding an ongoing criminal investigation".

At one point, Mr Starr tried to resign from the job to take a deanship at Pepperdine University, a little-known institution founded by Richard Mellon Scaife, a billionaire and a Clinton detractor. The outcry from Republicans who wanted him to finish the job persuaded him to stay.

Since the Lewinsky scandal broke, Mr Starr has seemed relentless in his drive to make a case against the president. Even before getting the required Justice Department permission to investigate the scandal, he wired up Miss Lewinsky's friend, Linda Tripp, to tape her confidences.

Since then, White House staff have been hauled before the grand jury, some repeatedly. Mr Starr has sought testimony from Secret Service agents who guard the president and could have witnessed improprieties. After television pictures showed Miss Lewinsky's mother leaving the courthouse in obvious distress after two days of testimony, Mr Starr's public image sank to a new low.

Now being urged, even by Republicans, to bring the Lewinsky case to a close, Mr Starr insists he is presenting evidence before the grand jury "at a very hectic pace". It did not matter that the civil case had been thrown out, he said.

"You cannot defile the temple of justice. You can't - though I hope it was not done - [commit] subornation of perjury, intimidation of witnesses, and obstruction of justice. Rather you must play by the rules. We must all play by the rules," he said. For Mr Starr, it seems, legal process must continue, come what may.

A Rolls by any other name

Rolls-Royce and Dewar's White Label are being sold. John Willman asks how buyers put a value on target brands



What are they worth? Dewar's White Label whisky was this week sold for three times the price of Rolls-Royce Motors

At first sight it seems absurd: how could Rolls-Royce be worth less than a moderately well-known whisky? Yet on the same day this week, Dewar's White Label, a scotch whisky indistinguishable to most drinkers from a dozen other premium brands, was sold for three times the price that BMW agreed to pay for Rolls-Royce Motors, renowned as the epitome of luxury cars.

Ask consumers for a list of world-class brand icons and Rolls-Royce's silver lady mascot would almost certainly feature. In whiskies, the Johnnie Walker huntsman and the gamebird representing Famous Grouse might be named.

But most would have difficulty remembering any image connected with Dewar's, languishing at eighth in the world scotch whisky league. Even in the US, where it is the best-seller, sales have declined by

20 per cent since 1990 - despite determined efforts to relaunch it as a stylish drink for young professionals.

Bacardi-Martini, the world's fourth largest spirits group which makes the famous white rum, obviously sees something in Dewar's. The Bermuda-based company, owned by some 300 descendants of the Cuban founder, spent £1.15bn to buy Dewar's along with two small but up-and-coming brands, Bombay and Bombay Sapphire. For that price, Bacardi gets the three brands, four Scottish distilleries employing just 49 people and a 15-year supply contract for the ingredients.

BMW, by contrast, would receive (if it wins the as-yet undecided battle) much more for the £340m it has bid for Rolls-Royce, including a factory at Crewe in north-west England, a workforce of 2,500 and a new product range. The German carmaker is now locked in negotiations with Vickers,

the British engineering group, over its attempt to buy the limousine-making subsidiary.

Both buyers have offered a similar price in terms of earnings. The three spirits brands earned \$95m for Diageo, so Bacardi paid 12 times earnings - the multiple predicted by most industry observers.

BMW's offer is a slightly higher multiple of the luxury carmaker's £24m operating profit last year, but rather less of next year's predicted £40m. Rolls-Royce's existing plans will require investment of more than £500m in the next few years, one reason the price errs on the side of modesty.

Another is that it cannot be a completely open auction, since Rolls-Royce, the aero-engine manufacturer, has rights over the name and can take it back if not happy with the buyer. That gave an advantage to BMW, since the engine-maker has a joint venture with the Ger-

man company. Far from being deterred by the investment needed by Rolls-Royce, BMW has ambitious plans for more with new models to triple the output of the Crewe factory to 6,000 cars a year and to double its workforce.

Charles Trevall of Sampson Tyrell, a London-based branding consultancy, believes BMW has the experience to pull that off. "Rolls-Royce make wonderful cars, but their marketing and distribution leave a lot to be desired," he says. "Otherwise they would be making a lot more than 2,000 cars a year."

German car manufacturers are much better than most competitors at harnessing their production strengths to their marketing skills, he adds. Thus BMW has managed to raise output by extending its range without losing the prestige cachet - and he expects it to do the same for Rolls-Royce. Rebuilding Dewar's sales

will require more modest sums from Bacardi to raise the marketing budget and win customers from competitors. But the rewards can be substantial: international brands such as Dewar's and Bombay Sapphire are squeezing out local hooches all over the world.

"Dewar's is an entry ticket to the scotch market, which gives Bacardi two 'must-have' brands," says Jonathan Knowles of Wolff Olins, the corporate identity consultancy. "Each one will increase the leverage of the other, so when Asian markets recover, they will have Dewar's to match Johnnie Walker and open the door for their rum."

That is one reason why the value of global consumer brands in sectors such as scotch whisky has grown in recent years - as can be seen in the relative movements in the value of both Dewar's and Rolls-Royce. Dewar's last changed hands in 1987 - in part, at

least - when the US rights to the trademark were bought back by Guinness, one of the two companies that merged to form Diageo. The full legal title had been given free to Meshulam Riklis, the flamboyant US businessman who had been on the Guinness side in the battle to buy Distillers Company, the scotch whisky group.

In September 1987, Guinness paid the Riklis family £293m (then worth \$480m) for its distribution network and the rights to Dewar's in the US - the bulk of its sales. Just over 10 years later, the Dewar's brand alone turned out to be worth more than £1bn.

Contrast that with Rolls-Royce Motors. When Sir Ron Brierley, the New Zealand businessman, attempted to break up Vickers in 1990, he reckoned Rolls-Royce Motors would fetch at least £285m. Monday's price was barely higher.

Pic-
counts

El Niño takes toll on coffee

WEEK IN THE MARKETS

By Gary Mead

The effect of El Niño - the abnormal weather phenomenon which has created drought in many parts of the southern hemisphere and parts of South America - on global coffee production is evident from the latest export figures from the International Coffee Organisation, which show ICO members' exports were more than 5.5 per cent down in the 12 months to February, at 75.61m 60kg bags.

Exports from Indonesia - particularly badly hit by poor rainfall - were only 1.67m 60kg bags between October 1997 and February 1998, against 2.4m bags for the same period in 1996-97. Large falls were also seen in Colombia, Kenya, Uganda and Venezuela.

Robusta coffee futures were active again on the London International Financial Futures Exchange, the May contract reaching a new 15-week peak of \$1.848 a tonne, on further investment fund interest. The move up could not be sustained however and the contract settled at \$1.810, the day's low, and \$5 down from the previous close.

The May cocoa future rose slightly at the end of the day, ending \$16 up at \$1.069 a tonne.

Gold fixed 5 cents higher in London in the afternoon, at \$306 a troy ounce. On the London Metal Exchange three-months tin closed at \$5,630 a tonne, \$50 higher; the backwardation - the premium paid for cash metal

Coffee

Liffe 2nd position futures (\$ per 100kg)



Source: International Coffee Organisation

LIME warehouse stocks*

Commodity	Units (1000)	Change
Aluminium	42.1	+100
Aluminium alloy	30.8	+100
Copper	30.8	+100
Lead	64.8	+100
Nickel	42.4	+100
Zinc	72.2	+100

* Thousands of tons

over that for the three-month future contract - raced from \$50 on Thursday to \$100 by yesterday's close, underpinned by strong demand from users in Europe and the US and low stocks.

Three-months copper ended at \$1.699 a tonne, \$11 lower, but aluminium staged a moderate rally, nudging away from the \$1,400 mark to finish \$4 higher at \$1,413 a tonne.

Crude oil futures again moved higher on the International Petroleum Exchange, Brent for May delivery reached a session high of \$14.70, before retreating to \$14.50, up 33 cents on the previous close.

Traders said that it was becoming increasingly likely that a trading range around \$15 a barrel would be achieved in the short term.

WORLD BOND PRICES

For latest prices see page 10. * Prices in US dollars. * US dollar prices are in US dollars.

Treasuries rally on US jobs data

By John Labate in New York and Vincent Boland in London

Markets soared after more bad news for Japan and evidence that US economic growth was slowing slightly.

A sharp drop in payroll figures for March set off a rally in US TREASURIES. By midday the 30-year bond had gained 3/8 to 104 1/8, to yield 5.77 per cent. The two-year note gained 1/8 to 100 1/8, to yield 5.36 per cent, and the 10-year note rose 1/8 to 100 1/8, to yield 5.44 per cent.

Prices had moved higher overnight after Moody's lowered its outlook on Japanese government debt from stable to negative, but the payroll report was the main focus of trading.

March payrolls rose by 252,000 jobs in March, down from 360,000 in the prior month. While payrolls were broadly

BENCHMARK GOVERNMENT BONDS

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CURRENCIES & MONEY

Shock values

MARKETS REPORT

By Richard Adams

Surprising news from the US and Japan sent the international currency markets into a spin yesterday.

First, news that Moody's, the credit rating agency, changed its outlook on Japanese ratings from stable to negative sent the yen tumbling against the US dollar, to a six-year low of ¥136 in intraday trading.

Then, the announcement that US employment had fallen last month took the market by complete surprise. Most analysts had expected non-farm payrolls would rise by around 200,000 during March. Instead, the payroll number dropped by 36,000 and February's figure was revised downwards.

A fall usually signals a reduction in inflationary pressures within the US economy, and therefore lower interest rates.

The yen weakened by ¥1.3

against the dollar in Europe, ending trading at ¥134.74.

The dollar was slightly lower against the D-Mark, at DM1.847, in European trading hours. But sterling tumbled by nearly two pence, to DM5.066.

Paul Megyesi, currency analyst at Deutsche Morgan Grenfell in London, said: "Sterling was already softening - clearly the market is becoming more nervous about the Bank of England meeting next week."

POUND IN NEW YORK

Apr 3	Close	High	Low	Open
1 spot	1.8555	1.8560	1.8550	1.8550
1 month	1.8550	1.8555	1.8545	1.8545
3 months	1.8530	1.8535	1.8525	1.8525
1 yr	1.8510	1.8515	1.8505	1.8505

Moody's credit outlook change, coupled with the earlier tanking report showing very weak business sentiment, reinforces the trend weakness of the yen.

The two events have brought renewed calls from the market for an effective tax-cutting stimulus package

by the Japanese government. But not all were convinced that tax cuts would necessarily help the yen or the moribund economy.

"I'm not sure if [Japanese] people would actually spend the money even if they did cut taxes. They'd probably just go out and save it," said one dealer. Japan has a high savings rate, while the economy needs an expansion of demand.

Avinash Persaud, foreign exchange analyst at J.P. Morgan in London, said tax cuts will not support the yen, and could even worsen its outlook. A tax cut that failed to revive the economy but worsened Japan's fiscal position would undermine value in government bonds, the remaining yen asset investors want to buy.

"If there are no attractive assets to buy, then the currency will fall, whatever the economic outlook," Mr Persaud said.

Marion Bell, economist at the Royal Bank of Scotland in London, said that the market's concentration on fiscal measures was misplaced - cuts to the discount

rate and bank recapitalisation could help.

The fall in US non-farm payrolls was the first since January 1996, when snowstorms were blamed. Yesterday's figure also included a substantial weather component, with construction payrolls down by 88,000 because of cooler weather.

But Carl Lesabey, chief US economist for High Frequency Economics, said that while the number of jobs created fell, average hourly earnings rose by 0.3 per cent on the month, after February's large 0.6 per cent rise.

Average earnings have now risen at an annual rate of 4.1 per cent. "This has to worry the fed, as average earnings increased only 3 per cent to 3.5 per cent during most of 1996 and 1997," Mr Lesabey said.

The bond market reacted positively, but the dollar fell against the D-Mark. Paul Megyesi at Deutsche Morgan Grenfell said there was evidence of investors selling dollars against the D-Mark and moving into the D-Mark/yen cross-trade.

DOLLAR SPOT FORWARD AGAINST THE DOLLAR

Apr 3

Close

High

Low

Open

1 spot

1 month

3 months

1 yr

2 yr

3 yr

5 yr

10 yr

15 yr

20 yr

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1380 yr

1385 yr

1390 yr

1395 yr

1400 yr

1405 yr

1410 yr

1415 yr

1420 yr

1425 yr

WINNERS AND LOSERS

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance.

...the ...

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4.3

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1.8
1.6

09
13
08
18
03
10

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THE WINNERS AND LOSERS

1. 2. 3. 4. 5. 6. 7. 8. 9. 10. 11. 12. 13. 14. 15. 16. 17. 18. 19. 20. 21. 22. 23. 24. 25. 26. 27. 28. 29. 30. 31. 32. 33. 34. 35. 36. 37. 38. 39. 40. 41. 42. 43. 44. 45. 46. 47. 48. 49. 50. 51. 52. 53. 54. 55. 56. 57. 58. 59. 60. 61. 62. 63. 64. 65. 66. 67. 68. 69. 70. 71. 72. 73. 74. 75. 76. 77. 78. 79. 80. 81. 82. 83. 84. 85. 86. 87. 88. 89. 90. 91. 92. 93. 94. 95. 96. 97. 98. 99. 100. 101. 102. 103. 104. 105. 106. 107. 108. 109. 110. 111. 112. 113. 114. 115. 116. 117. 118. 119. 120. 121. 122. 123. 124. 125. 126. 127. 128. 129. 130. 131. 132. 133. 134. 135. 136. 137. 138. 139. 140. 141. 142. 143. 144. 145. 146. 147. 148. 149. 150. 151. 152. 153. 154. 155. 156. 157. 158. 159. 160. 161. 162. 163. 164. 165. 166. 167. 168. 169. 170. 171. 172. 173. 174. 175. 176. 177. 178. 179. 180. 181. 182. 183. 184. 185. 186. 187. 188. 189. 190. 191. 192. 193. 194. 195. 196. 197. 198. 199. 200. 201. 202. 203. 204. 205. 206. 207. 208. 209. 210. 211. 212. 213. 214. 215. 216. 217. 218. 219. 220. 221. 222. 223. 224. 225. 226. 227. 228. 229. 230. 231. 232. 233. 234. 235. 236. 237. 238. 239. 240. 241. 242. 243. 244. 245. 246. 247. 248. 249. 250. 251. 252. 253. 254. 255. 256. 257. 258. 259. 260. 261. 262. 263. 264. 265. 266. 267. 268. 269. 270. 271. 272. 273. 274. 275. 276. 277. 278. 279. 280. 281. 282. 283. 284. 285. 286. 287. 288. 289. 290. 291. 292. 293. 294. 295. 296. 297. 298. 299. 300. 301. 302. 303. 304. 305. 306. 307. 308. 309. 310. 311. 312. 313. 314. 315. 316. 317. 318. 319. 320. 321. 322. 323. 324. 325. 326. 327. 328. 329. 330. 331. 332. 333. 334. 335. 336. 337. 338. 339. 340. 341. 342. 343. 344. 345. 346. 347. 348. 349. 350. 351. 352. 353. 354. 355. 356. 357. 358. 359. 360. 361. 362. 363. 364. 365. 366. 367. 368. 369. 370. 371. 372. 373. 374. 375. 376. 377. 378. 379. 380. 381. 382. 383. 384. 385. 386. 387. 388. 389. 390. 391. 392. 393. 394. 395. 396. 397. 398. 399. 400. 401. 402. 403. 404. 405. 406. 407. 408. 409. 410. 411. 412. 413. 414. 415. 416. 417. 418. 419. 420. 421. 422. 423. 424. 425. 426. 427. 428. 429. 430. 431. 432. 433. 434. 435. 436. 437. 438. 439. 440. 441. 442. 443. 444. 445. 446. 447. 448. 449. 450. 451. 452. 453. 454. 455. 456. 457. 458. 459. 460. 461. 462. 463. 464. 465. 466. 467. 468. 469. 470. 471. 472. 473. 474. 475. 476. 477. 478. 479. 480. 481. 482. 483. 484. 485. 486. 487. 488. 489. 490. 491. 492. 493. 494. 495. 496. 497. 498. 499. 500. 501. 502. 503. 504. 505. 506. 507. 508. 509. 510. 511. 512. 513. 514. 515. 516. 517. 518. 519. 520. 521. 522. 523. 524. 525. 526. 527. 528. 529. 530. 531. 532. 533. 534. 535. 536. 537. 538. 539. 540. 541. 542. 543. 544. 545. 546. 547. 548. 549. 550. 551. 552. 553. 554. 555. 556. 557. 558. 559. 560. 561. 562. 563. 564. 565. 566. 567. 568. 569. 570. 571. 572. 573. 574. 575. 576. 577. 578. 579. 580. 581. 582. 583. 584. 585. 586. 587. 588. 589. 590. 591. 592. 593. 594. 595. 596. 597. 598. 599. 600. 601. 602. 603. 604. 605. 606. 607. 608. 609. 610. 611. 612. 613. 614. 615. 616. 617. 618. 619. 620. 621. 622. 623. 624. 625. 626. 627. 628. 629. 630. 631. 632. 633. 634. 635. 636. 637. 638. 639. 640. 641. 642. 643. 644. 645. 646. 647. 648. 649. 650. 651. 652. 653. 654. 655. 656. 657. 658. 659. 660. 661. 662. 663. 664. 665. 666. 667. 668. 669. 670. 671. 672. 673. 674. 675. 676. 677. 678. 679. 680. 681. 682. 683. 684. 685. 686. 687. 688. 689. 690. 691. 692. 693. 694. 695. 696. 697. 698. 699. 700. 701. 702. 703. 704. 705. 706. 707. 708. 709. 710. 711. 712. 713. 714. 715. 716. 717. 718. 719. 720. 721. 722. 723. 724. 725. 726. 727. 728. 729. 730. 731. 732. 733. 734. 735. 736. 737. 738. 739. 740. 741. 742. 743. 744. 745. 746. 747. 748. 749. 750. 751. 752. 753. 754. 755. 756. 757. 758. 759. 760. 761. 762. 763. 764. 765. 766. 767. 768. 769. 770. 771. 772. 773. 774. 775. 776. 777. 778. 779. 780. 781. 782. 783. 784. 785. 786. 787. 788. 789. 790. 791. 792. 793. 794. 795. 796. 797. 798. 799. 800. 801. 802. 803. 804. 805. 806. 807. 808. 809. 810. 811. 812. 813. 814. 815. 816. 817. 818. 819. 820. 821. 822. 823. 824. 825. 826. 827. 828. 829. 830. 831. 832. 833. 834. 835. 836. 837. 838. 839. 840.

Tables show the result of investing £1,000 over different time periods. Trusts are ranked on 3-year performance. Warning: past performance is not a guide to future performance. For investment trust entries see main news.

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...and the fact that the system is not yet fully operational, the Commission has decided to postpone the final decision on the system until the end of 1992.

| Manager (Portfolio) | Sector | Target Yield % | PFP
Sustained
5-yr. | Strategic
Initial
Investment | - Charges
Annual | PFP
Annual | - Withdrawals
Initial | Charges
Annual | Balanced
Initial | Balanced
Annual | - Withdrawals
Initial | - Discount | Special offer
Payoff |
|--|------------------|----------------|---------------------------|------------------------------------|---------------------|---------------|--------------------------|-------------------|---------------------|--------------------|--------------------------|------------|-------------------------|
| I UK Ethical Trust | | | | | | | | | | | | | |
| Standard Life (0800 333353) | UK equity growth | 0.5 | Yes | Yes | 3 | 0.95 | No | 1,000 | 3 | 0.95 | No | 1,000 | * 16/2/98-15/5/98 |
| The ethical criteria exclude investments in gambling, alcohol, armaments or pornography production, "artificial" pollutants or animal testing. | | | | | | | | | | | | | |
| II Independent Income Portfolio Trust | | | | | | | | | | | | | |
| Henderson (0800 212255) | Fund of funds | 4.5% | Yes | No | 5.25 | 1.25 | No | 5,000 | 5.25 | 1.25 | Yes† | 5,000 | No |
| Henderson's second fund of funds, this income-oriented unit trust will have the same manager, John Husselbee. | | | | | | | | | | | | | |
| III US Ecological Fund | | | | | | | | | | | | | |
| Globe Fund Inc (800 269824) NJ/America | | 0 | No | Yes | 5.5 | 1.25 | No | 1,000 | | | | | * 20/2/98-04/2/98 |
| The latest in Globe's range of protected funds, the US Ecological treats derivatives to limit losses to 5 per cent each quarter. | | | | | | | | | | | | | |
| IV Ethical Trust | | | | | | | | | | | | | |
| Albert E Sharp (0845 070 0025) UK Growth | | 1.7 | No† | No | 5 | 1.5 | No | 1,000 | | | | | * 22/2/98-19/4/98 |
| This is AESV's first ethical trust, managed by a vegetarian. The stockbroker already runs ethical portfolios of shares. | | | | | | | | | | | | | |

Notes: * 1 percentage point reduction on initial charge; †Not can be Popped. ‡Bidding for 150% of All Share yield; §Popp withdrawal charge of £20; + 1 p.c. discount

Performance: Tables like these are full of traps for the unwary. Trap 1: don't expect them to tell you which trusts will do best in future — they are merely historic record. Trap 2: don't make minute comparisons of unit and investment trusts — the unit trust figures take account of the spread between buying and selling prices; the investment trust ones take mid-market prices

over the short or medium term or those who cannot afford big losses. But investors who can afford to take a long-term view may want to have some high risk/high reward trusts in their portfolio to spice it up.

Yield: Even this has traps for the unwary. Most unit trusts charge their management expenses against income, so the yield is net of

expenses. But a recent rule change means that trusts are allowed to charge some or all of their management expenses to capital, thus inflating the yield. Our managed funds pages identifies those trusts which charge to capital. Investment trusts used all to charge expenses against income, but some now charge some against capital.

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LUXEMBOURG
(REGULATED)

| FUND NAME | | FUND TYPE | | FUND MANAGER | | FUND SIZE | | FUND RISK | | FUND YIELD | | FUND NAV | | FUND DATES | | FUND INFO | | FUND DETAILS | | FUND PERFORMANCE | | FUND RANKING | | FUND ANALYSIS | | FUND SUMMARY | | FUND OVERVIEW | | FUND FACTS | | FUND TRENDS | | FUND OUTLOOK | | FUND CONCLUSION | | FUND RECOMMENDATION | | FUND DISCLOSURE | | FUND LEGAL | | FUND TAX | | FUND ACCOUNTING | | FUND AUDIT | | FUND COMPLIANCE | | FUND REPORTING | | FUND MONITORING | | FUND EVALUATION | | FUND REVIEW | | FUND CLOSURE | | FUND REOPENING | | FUND TRANSFER | | FUND MERGERS | | FUND SPLITUPS | | FUND RESTRUCTURING | | FUND REBRANDING | | FUND REFORMING | | FUND REORGANIZING | | FUND RECONSTRUCTING | | FUND REINTEGRATING | |
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| FUND NAME | | FUND TYPE | | FUND MANAGER | | FUND SIZE | | FUND RISK | | FUND YIELD | | FUND NAV | | FUND DATES | | FUND INFO | | FUND DETAILS | | FUND PERFORMANCE | | FUND RANKING | | FUND ANALYSIS | | FUND SUMMARY | | FUND OVERVIEW | | FUND FACTS | | FUND TRENDS | | FUND OUTLOOK | | FUND CONCLUSION | | FUND RECOMMENDATION | | FUND DISCLOSURE | | FUND LEGAL | | FUND TAX | | FUND ACCOUNTING | | FUND AUDIT | | FUND COMPLIANCE | | FUND REPORTING | | FUND MONITORING | | FUND EVALUATION | | FUND REVIEW | | FUND CLOSURE | | FUND REOPENING | | FUND TRANSFER | | FUND MERGERS | | FUND SPLITUPS | | FUND RESTRUCTURING | | FUND REBRANDING | | FUND REFORMING | | FUND REORGANIZING | | FUND RECONSTRUCTING | | FUND REINTEGRATING | |
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| FUND NAME | | FUND TYPE | | FUND MANAGER | | FUND SIZE | | FUND RISK | | FUND YIELD | | FUND NAV | | FUND DATES | | FUND INFO | | FUND DETAILS | | FUND PERFORMANCE | | FUND RANKING | | FUND ANALYSIS | | FUND SUMMARY | | FUND OVERVIEW | | FUND FACTS | | FUND TRENDS | | FUND OUTLOOK | | FUND CONCLUSION | | FUND RECOMMENDATION | | FUND DISCLOSURE | | FUND LEGAL | | FUND TAX | | FUND ACCOUNTING | | FUND AUDIT | | FUND COMPLIANCE | | FUND REPORTING | | FUND MONITORING | | FUND EVALUATION | | FUND REVIEW | | FUND CLOSURE | | FUND REOPENING | | FUND TRANSFER | | FUND MERGERS | | FUND SPLITUPS | | FUND RESTRUCTURING | | FUND REBRANDING | | FUND REFORMING | | FUND REORGANIZING | | FUND RECONSTRUCTING | | FUND REINTEGRATING | |
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| Fund Name | Assets | Performance | Management |
|--|----------------|-------------|------------------------------|
| Del Mutual International (Private) Ltd | £1,000,000,000 | 12.5% | Del Mutual International Ltd |
| Del Mutual International (Public) Ltd | £1,000,000,000 | 12.5% | Del Mutual International Ltd |
| Del Mutual International (Private) Ltd | £1,000,000,000 | 12.5% | Del Mutual International Ltd |
| Del Mutual International (Public) Ltd | £1,000,000,000 | 12.5% | Del Mutual International Ltd |
| Del Mutual International (Private) Ltd | £1,000,000,000 | 12.5% | Del Mutual International Ltd |
| Del Mutual International (Public) Ltd | £1,000,000,000 | 12.5% | Del Mutual International Ltd |
| Del Mutual International (Private) Ltd | £1,000,000,000 | 12.5% | Del Mutual International Ltd |
| Del Mutual International (Public) Ltd | £1,000,000,000 | 12.5% | Del Mutual International Ltd |
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| Fund Name | Assets | Performance | Management |
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Dow drops back after topping 9,000

AMERICAS

US shares had a choppy morning after the Dow Jones Industrial Average made history by breaking through the 9,000 level for the first time, writes John Labate in New York.

The market opened higher helped by bond prices which rallied initially on the release of the March employment report but settled later for an uneven tone.

At midday, the Dow was down 15.59 to 8,970.55. But the broader market remained on the upside. The Standard & Poor's 500 index rose 1.27 to 1,121.28. Technology shares held up as well. The Nasdaq composite index climbed 2.56 to 1,865.52.

The Dow closed on Thursday within 14 points of 9,000, so only a small gain was needed to push it above what many brokers consider a resistance level. But blue-chip shares gave way to mild profit-taking later.

"I think everyone was expecting a huge surge at the opening and we did not get it, which is positive," said Hildegard Zagorski, stock market analyst at Prudential Securities. In recent weeks the pattern has been a strong start fizzling out by late afternoon. "Now we have a chance to close above 9,000," he added.

New figures on the labour market showed payroll

employment grew by 252,000, a 36,000 drop from the previous month. Bond prices rallied on the release, gaining 1/2 to 104 1/2, and sending the yield down to 5.77 per cent.

Among Dow components, American Express rose 3/4 to \$97 1/2. But Eastman Kodak led blue chips lower, down \$1 1/4 to \$64 1/4.

Helping to keep the tech sector positive was Cisco Systems, up \$1 1/4 to \$71 1/4, and Microsoft, which climbed \$1 to \$52 1/4.

As bond yields turned lower, banking shares climbed. BankAmerica rose 3/4 to \$89 1/4. The small-cap sector lost ground, sending the Russell 2,000 index down less than a point to 486.18.

TORONTO shrugged off the uncertain start on Wall Street and rallied mostly on the strength of gold shares.

The TSE composite index rose 32.46 or 0.4 per cent to 7,575.86. Shares were supported by a 3.7 per cent jump in the gold and precious metals index, which followed the lead of a rise in Comex gold prices.

Pure Gold rose 1 cent to 95 cents while CaribGold gained 4 cents to 65 cents. Among leaders, Barrick Gold jumped 50 cents to \$31.65.

The banking index gained 0.5 per cent while utilities added 0.4 per cent. Royal Bank of Canada improved 40 cents to \$38.50.

Mexico slips in thin trade

MEXICO CITY lost ground on pre-holiday position adjustment and disappointment over Wall Street's apparent inability to remain above the 9,000 level. The IPC index fell 54.82, or 1.1 per cent, to 4,829.31.

Turnover was low ahead of the market's holiday on April 9 and 10. Temex, the market benchmark, lost 30 centavos to 22.65 pesos. SAO PAULO fell sharply, affected by falls in Japan and other Asian markets. The Bovespa index lost 226,

or 1.9 per cent, to 11,625.

Benchmark Telebras, the federal telecom group which tumbled on Thursday due to rumours that the weighting of the issue would be lowered on the Bovespa index, lost 4.3 pesos, or 3 per cent, to 140.1 pesos.

Weakness in Asia also dragged down BUENOS AIRES. The Merval index slipped 1.88, or 1.2 per cent, to 697.8. Apparent turmoil over the fate of economic minister Roque Fernandez, also unnerved investors.

EUROPE

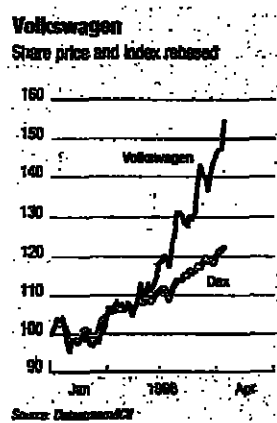
Bourses continued to probe record highs yesterday but mostly closed off the best of the session as a week of strong gains sparked sporadic profit-taking.

In PARIS this led to a modest setback for the CAC 40 index, which rose to within 12 points of the 4,000 level before closing 3.86 lower at 3,932. Volume was heavy with 22m shares traded.

Brokers said they were not surprised by the volatility. "After the sort of week we have had, with the market opening up on Monday at barely 3,800, some profit-taking was in order," said one broker.

Generale des Eaux was actively traded following an upbeat earnings assessment from Jean-Marie Messier, Eaux chairman, as his group moved to acquire formally the Havas media business. Eaux rose FF99 to FF1,129 in turnover of FF1,40m. Havas ended FF236 higher at FF659.

Among financials, CCF gained FF27 to FF1,492 and BNP Paribas rose FF156 to FF1,577 on renewed merger talk. The main rumour concerned BNP, which was said to be



Source: Reuters/Market Data

under siege from Deutsche Bank. CCF found itself caught up in the general excitement.

Supermarket group Carrefour, due to put out sales figures on Monday, was also lifted by takeover speculation, rising FF171 to FF1,321 on talk of a link to acquire formally the French group - with Metro of Germany.

Motors remained in demand with Renault advancing FF67 to FF1,296.50 and Peugeot FF742 to FF1,069. Valeo put on FF11 to FF573.

FRANKFURT achieved another record finish following a sparkling performance

Nikkei slides on downgrade of debt outlook

ASIA PACIFIC

Shares in TOKYO continued to slide yesterday as news of Moody's decision to downgrade its outlook for Japanese sovereign debt unnerved investors, writes Michiko Nakamoto.

The Nikkei 225 Average tumbled 183.12 to 15,517.78 after breaking through the psychologically important 15,500 level and falling to 15,465.13 during the day. The session high was 15,955.34.

This was the third consecutive day that the Nikkei 225 had fallen. On Thursday, the key index suffered its heaviest single session decline so far this year.

The Topix index of all first section stocks also declined sharply, falling 5.46 to 1,183.8. Volume traded off to 600m shares, down from 700m on Thursday.

The fall in share prices was part of an overall negative

reaction to the news from Moody's, which depressed the yen and bond prices. The yen fell to its lowest level against the US dollar for the year.

Analysts do not expect the Moody's downgrade to have a prolonged impact. But if the downgrade affects the yen and bond markets, that could dampen the market by encouraging foreign investors to sell their equity holdings.

In a reaction to steep falls on Thursday, banking and other financial issues recovered some of their losses. Industrial Bank of Japan rose ¥34 to ¥940 and Fuji Bank gained ¥30 to ¥708.

Nippon Steel, which has been the most heavily traded share recently, was again the volume leader and recovered ¥4 to ¥204. Other steel companies also firmed, with NKK rising ¥4 to ¥117.

HONG KONG continued to

track Tokyo, extending its losses to more than 4 per cent in three days. The Hang Seng index ended 137.03 lower at 11,052.68 after dipping below 11,000 at one stage during the session.

Volume was below average with many investors unwilling to take fresh positions ahead of the long weekend. Monday is a national holiday.

Among leaders, HSBC fell HK\$35 to HK\$228 and HK Telecom 25 cents to

FTSE Actuaries Share Indices

| Index | Value | Change | % Change | Yield | Dividend | Total |
|---------------------------|----------|--------|----------|-------|----------|---------|
| FTSE 100 | 2,455.05 | +0.59 | +0.02 | 1.86 | 5.22 | 1281.34 |
| FTSE 250 | 2,283.05 | +0.84 | +0.04 | 1.86 | 5.22 | 1281.34 |
| FTSE 350 | 1,212.25 | -0.20 | -0.02 | 2.74 | 11.38 | 1245.27 |
| 300 UK | 1,265.55 | +1.03 | +0.08 | 1.39 | 1.73 | 1270.77 |
| 300 Europe | 1,242.50 | +0.57 | +0.05 | 1.59 | 2.10 | 1248.53 |
| 300 FTSE | 1,251.40 | +0.53 | +0.04 | 2.07 | 7.47 | 1272.74 |
| FTSE 350 Economic Sectors | | | | | | |
| Chemicals | 1,051.43 | +0.29 | +0.03 | 2.80 | 3.62 | 1070.21 |
| Consumer Goods | 1,179.48 | +1.28 | +0.11 | 1.72 | 4.07 | 1187.55 |
| Consumer Services | 1,206.83 | +0.55 | +0.05 | 1.52 | 5.32 | 1255.49 |
| Energy | 1,185.78 | +0.34 | +0.03 | 1.82 | 4.52 | 1216.18 |
| Finance | 1,352.81 | +0.57 | +0.04 | 1.25 | 1.84 | 1375.25 |
| Healthcare | 1,383.91 | +0.40 | +0.03 | 1.78 | 7.27 | 1399.81 |

Source: Reuters/Market Data

lowing a further round of merger speculation. So persistent have the rumours been that the banking group was forced into issuing a denial that it planned to hold a news conference.

Novartis added SFr41 to SFr2,727, but Roche shed SFr40 to SFr16,835 ahead of next week's sales figures.

Nestlé pushed higher by SFr51 to SFr2,968 helped by a positive note from Deutsche Morgan Grenfell, which has raised its target price on the shares to "at least SFr3,800".

Arguing that Nestlé's management is making a radical shift towards improved

shareholder value, the broker focuses on the scope for dramatically improved food returns outside the US.

According to DMG, North America is the only region that has been run for economic profit this decade with a sales per plant ratio more than three times as high as Europe.

With the same philosophy being extended across the group, we see a sharp increase in plant productivity ahead," it said.

AMSTERDAM posted its second consecutive record close as private investors increased their equity investments. The AEX index

rose 8.08 to 1,162, also helped by the dollar's strength.

ING, supported by its strong 1997 earnings announcement on Thursday, continued to gain ground, adding F15.30 to F131.

Broker upgrades helped Unilever which finished up F18.30 at F158. Akzo Nobel, the chemicals maker, which gained ground on speculation that it would be bidding for Comstar of the UK, fell F16.60 to F143.10.

MADRID was supported by enthusiasm ahead of a state of privatisation issues. The general index advanced 13.82, or 1.5 per cent, to 920.74.

Endesa, the utility, rose Ptas6 to Ptas3,990, or 2.5 per cent, after its state holding company announced it would sell a 33 per cent stake via a public offering in May. Telefonica rose Ptas200, or 2.8 per cent, to Ptas3,310 ahead of its 1-for-11 rights issue.

MILAN retreated as a fall in the dollar prompted afternoon profit-taking. The Mibtel index fell 108, or 0.4 per cent, at 25,570. Olivetti lost L90 to L2,583.

Written and edited by Jeffrey Brown, Peter Hall and Emilio Terazono

THE WEEK'S CHANGES

| Index | % Change |
|--------------|----------|
| Seoul | -13.7 |
| Kuala Lumpur | -8.4 |
| Taipei | -7.5 |
| Bangkok | -6.2 |
| Singapore | -6.2 |
| Hong Kong | -5.8 |
| Manila | -5.6 |
| Jakarta | -1.7 |
| Taipei | +0.04 |

ping below 11,000 at one stage during the session.

Volume was below average with many investors unwilling to take fresh positions ahead of the long weekend. Monday is a national holiday.

Among leaders, HSBC fell HK\$35 to HK\$228 and HK Telecom 25 cents to

MSO15 to MS267 and United Merchant MSO28 to MS141. Malaysian Airlines lost MSO14 to MS376.

BANGKOK continued to worry about the uptrend in the money market following Thursday's increase in bank lending rates.

The baht had a steadier day ahead of the long weekend, but the share market fell for the ninth day running.

At the close, the SET index was off 12.74 or 2.8 per cent to 441.14. Bangkok Bank, the most active share of the session, came off B5 at B177.

JAKARTA was buoyed by hopes of a positive outcome of the negotiations between the Indonesian government and the International Monetary Fund. The composite index rose 16.9 or 3.3 per cent to 533.

Banking stocks, however, fell in spite of the overall

rise on speculation that some banks may be suspended due to the large bad debt balance.

Shares in PT Bank Modern and PT Bank PDCCI were suspended by the stock exchange after their shares plunged due to the rumours.

SOUTH AFRICA

Johannesburg rounded off a strong week with the all-share index hitting a record high for the third day running.

Shares were strong across the board with golds, up 7.3 per cent, turning in the best performance. The all-share index ended 67.2 higher at 7,778.

Golds powered higher, adding 60.3 to 853.8. The monetary price consolidated recent gains above 8300.

Industrials rose 47.5 to 9,177.6 and the financials index added 36.9 at 14,125.5.

LONDON STOCK EXCHANGE - DEALINGS

Details of business done shown below have been taken from last Thursday's Stock Exchange Official List and should not be reproduced without permission. The data is delivered by Eikon, part of Financial Times Information. Details listed in these columns are not included in the FT Share Information Service. The prices are those at which the business was done in the 24 hours to 15.00 on Thursday. They are not in order of execution but in ascending order of the day's highest and lowest prices. For those securities in which no business was recorded in Thursday's Official List, the latest recorded business in the four previous days is given with the relevant date. The size of individual deals are rounded to the nearest thousand and represented without parentheses, where available. * Denotes an special price. * Denotes done the previous day.

British Government

Stocks

Annulment 2 1/2 - 4 1/2 (21/04/98)

Revenue 2 1/2 - 4 1/2 (21/04/98)

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Listed Companies

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COMPANIES & FINANCE

Argos offers pay-out if investors reject GUS

By Peggy Hollinger

Argos, the catalogue retailer fighting a hostile £1.5bn cash bid from Great Universal Stores, yesterday promised to pay investors £40m in a new share buy-back scheme if they rejected the mail order group's 570p a share offer.

The buy-back, the equivalent of 150p a share, was accompanied by the forecast of a 27 per cent jump in

interim pre-tax profits to £55.9m this year and a 15 per cent increase in the full-year dividend.

Stuart Rose, the newly appointed chief executive who unveiled the group's final defence yesterday, said the buy-back and profits forecast "demonstrated pretty cogently why we think this business is worth more than 570p a share".

Putting Argos's pro forma earnings on a stores sector

rating, and adjusting for the pay-out, implied a share price of 700p before any take-over premium. "GUS is trying to take control of Argos on the cheap," Mr Rose said.

GUS rejected Argos's suggestion that it should be valued on the same basis as non-food retailers such as Boots and Marks and Spencer.

Lord Wolfson of Sunningdale, GUS chairman, also cast doubt on the restated pro forma profits figure used

by Argos as the basis of its implied valuation.

In its defence, Argos cited an earnings-per-share figure of 38p for 1997, which excludes items affecting profitability it describes as unusual, such as the costs of superstore openings.

"It is extraordinary that, after a series of profits warnings, Argos believes it deserves a blue-chip price-earnings multiple," he said. "To apply that multiple

to a substantially adjusted and quite imaginary profits figure is totally unrealistic."

Analysts said the extent of the pay-out could leave Argos vulnerable. If it retained its independence, although interest cover would remain comfortable at more than five times and the group was highly cash-generative "it does make the company higher risk and lower quality", said John Richards of NatWest Mar-

kets. Even some of Argos's investors suggested the pay-out was designed more to force GUS into a higher offer than to prove the long-term value of Argos as an independent company.

However, investors and analysts agreed the defence had succeeded in making the case for an offer of about 600p. GUS has one week to respond with a higher offer. Argos shares fell 2p to 646p, while GUS rose 6p to 760p.

Saatchi and CCG fortunes differ

By Andrew Edgecliffe-Johnson

Saatchi & Saatchi and Cordiant Communications Group, the advertising groups formed by last December's demerger of Cordiant, yesterday gave the first accounts of their differing fortunes.

Saatchi & Saatchi, which has a larger presence in the US, said pro forma pre-tax profits had risen by 68 per cent to £27.8m in 1997, as revenues edged up 1.6 per cent to £375m. Underlying profits, ignoring exchange rate movements, were 69 per cent ahead.

CCG's pre-tax profits were flat at £23m (1996 pro forma: £23.2m) after a £2.2m write-off of goodwill in Indonesia, but would have been 42 per cent ahead at constant exchange rates. Revenues fell 6 per cent because of the strong pound.

Both companies reported progress towards their goals of double-digit trading margins, with CCG's margin up from 6.1 per cent to 7.8 per cent and Saatchi & Saatchi's from 5 per cent to 8.2 per cent.

Both companies' shares began trading at 110p in mid-



Bob Seelert (left) with Michael Bungey: progress towards double-digit margin goals

Brendan Carr

December, but have since diverged. Saatchi & Saatchi closed 5p down at 167p while CCG lost 1½p to close at 134½p.

Michael Bungey, chief executive of CCG, said its Easte worldwide agency was benefiting from no longer being prevented from acting for rivals of Saatchi & Saatchi's largest clients, Toyota and Procter & Gamble.

It had already won some new business in those companies' industries, he said, and the first quarter of 1998 had been the strongest for five years.

Bob Seelert, chief executive of Saatchi & Saatchi, said staff had been motivated by a new incentive plan. Saatchi & Saatchi's net new business gains had risen from £70m to £255m

last year, and reached £183m in the first quarter of 1998, he said.

Mr Bungey said CCG would decide this year whether it could achieve its ambitions alone or not. Mr Seelert would not be drawn on speculation that Saatchi & Saatchi could merge with Havas Advertising, but said "everybody is talking to everybody".

Carnival buys Cunard fleet

By Charles Batchelor

Cunard, one of the most famous names in the cruise shipping industry and owner of the luxury liner QE2, is to come into American ownership under a \$500m deal agreed last night.

Carnival Corporation, a Miami-based cruise line, and a group of Norwegian investors, are to buy Cunard and the five ships in its fleet, from Kvaerner, the Norwegian shipbuilding and construction group.

Kvaerner said expected to make an accounting gain of \$35m on the sale, which it expects to complete within six weeks.

Kvaerner acquired Cunard in 1996 as part of its \$904m takeover of Trafalgar House, the UK construction and shipping group, and had been looking for a buyer or joint venture partner for most of that time. The \$500m asking price Kvaerner was seeking deterred many bidders, cruise industry managers said.

The Cunard acquisition comes at a boom time for the worldwide cruise industry, which has finally broken out from its image of catering

for elderly blue rinsed matrons. Many of the large operators have placed orders for ever larger and more luxurious vessels. About 5m Americans take a cruise each year compared with 500,000 in 1970.

Carnival plans to merge Cunard with Seabourn Cruise Line, in which it is equal partner with a Norwegian entrepreneur, Atle Brynstad, in a move which will create the largest cruise company in the luxury segment of the market, Carnival said. It would be two-thirds partner in the merged group.

"This is part of Carnival's strategy to strengthen its position at the luxury end of the cruise business," said Micky Arison, Carnival chairman and chief executive. "The QE2 is the best known cruise ship in the world and commands a vast customer following from around the world."

Carnival said it did not anticipate that the purchase would dilute its earnings per share. As part of the deal Carnival has committed itself to building two new cruise ships for the Cunard fleet at Kvaerner's Masa Yards in Finland.

Top jobs for Henderson directors

By Jane Martinson, Investment Correspondent

Senior directors at Henderson investors have filled many of the top jobs in the newly merged asset management business following its takeover by AMP, Australia's largest insurance group.

Tony Watson, managing director of AMP's investment management before the £283m deal, is to become director of private capital for the Aus-

tralian group from July. He will be responsible for developing AMP's fledgling UK venture capital operations.

Two Henderson directors filled the most senior positions with Dugald Eadie confirmed as managing director of the combined group and Ian Buckley as director of asset management.

The merger, announced in February, combined AMP's existing UK asset management operations - worth

about £25bn - with the £14.3bn managed by Henderson. The deal brings total assets under management at AMP, which is set to float later this year, to £39bn.

Henderson men filled four of the seven other senior posts announced yesterday which divided the business into three divisions: asset management, global distribution and administration.

They include Mark Lund, who becomes director of

global distribution while Paul Edmondson, AMPAM's director of investment services, becomes executive director in the global distribution division.

Mike Clare, AMPAM's head of investment, becomes chief investment officer for insurance and retail reporting to Ian Buckley, while Roger Hunt, AMPAM's director of marketing, is to fill a similar position at the larger group.

Investec to buy Guinness Mahon

By George Graham in London, Victor Wallis in Johannesburg and Gillian Tett in Tokyo

Investec, the fast-growing South African financial group, has agreed to pay \$55m for Guinness Mahon Holdings, the UK investment banking group.

But the purchase, from Japan's Bank of Yokohama, has run into immediate difficulty. The management of Guinness Flight Hambro, the fund manager of which Guinness Mahon owns 44 per cent, rejected Investec and began to look for another buyer. Its objection, however, cannot block the Investec deal.

Guinness Flight's future was already in doubt. Its other main shareholder, the Hambros group, is being dismantled after selling its banking business to France's Société Générale.

The board of Guinness Flight - which has about £7bn of funds under management - wants a partner which can provide it with better distribution. Investec executives met Guinness Flight's managers but failed to persuade them. Investec was the right partner.

Investec is negotiating for a new City building to bring the newly acquired business under one roof with its existing London operations. The sale price, about 1.5 times adjusted net asset value, was only fractionally above the \$94.5m Bank of Yokohama paid for Guinness Mahon in 1989. The Japanese bank had to take more provisions to clean up the balance sheet before the sale. It said it had sold Guinness Mahon to "focus primarily in its domestic business and gradually to streamline its international interests".

Quilligotti profits overstated

By Robert Wright

Reported pre-tax profits of \$553,000 at Quilligotti, a tile maker, were overstated by \$500,000 in the year to March 31, 1997, the company said yesterday. It would also be forced to take exceptional charges of \$900,000 in the present year after adjustments to the carrying value of certain group assets and the potential outcome of certain claims against the company.

The conclusions were the result of an investigation by Ernst & Young, the accountants, announced on March 6. Timothy Roberts, commercial director, yesterday resigned with immediate effect over the inquiry's conclusions. He was finance director at the time of the results now to be restated. Quilligotti's shares closed up ¼p yesterday at 174½p.

Dalgety lifts distribution

By Maggie Urry

Dalgety is increasing the amount it will pay back to shareholders following rapid clearance by the European competition authorities of its £715m (\$1.19bn) sale of the Spillers pet-food business to Nestlé.

Ken Hanna, chief executive since September, and the architect of disposals which have raised \$1.5bn so far, said he was delighted with the approval of the sale, which he had thought might take several months.

The cash distribution will now amount to £675m, up from £650m, or 33½p per share, and is thought to be a record distribution relative to the company's market capitalisation of £1.07bn. It

will also mark the end of Dalgety's name on a quoted company. Shares rose 15p to 369p.

Dalgety, well-known in the agriculture industry for more than 100 years, will be taken over by a new holding company. Shareholders will receive one share in the new company for each existing Dalgety share.

The company is also thought likely to sign an agreement this month to sell its Dalgety Agriculture subsidiary to management, for about £40m. That disposal could also be completed by the financial year end, making a further cash distribution of up to £50m possible.

Selling Dalgety Agriculture would leave the Pig Improvement Company, which breeds genetically superior pigs, as the group's sole business, giving the new holding company its name, PIC International Group.

The increase in the distribution replaces the final dividend of 8½p which would have been payable in December. Shareholders will receive the cash before the end of the financial year on June 30.

The payment will be treated as a part disposal and subject to capital gains tax rather than income tax.

Mr Hanna said the new company would be a "high-tech growth stock", of interest to UK and US investors. A listing in the US is likely next year, with the UK listing retained.

companies with sales of about \$15bn and owns hotel assets comprising 5,800 rooms, mainly in the US.

Analysts said the money would come from Blackstone's newest real estate fund, which closed last October having raised \$1.2bn.

A sale is dependent on a guarantee of full control which rests on the holders of the Savoy's two classes of shares reaching agreement on the relative values of each. The B shares carry 20 times the votes of the As.

Granada Group, the media and leisure company, holds 70 per cent of the A shares and 12.5 per cent of the Bs. The Wontner family and trusts hold 80 per cent of the Bs and 10 per cent of the As.

Blackstone in Savoy bid

By William Lewis in New York and Scheherazade Daneshmand in London

The battle for the control of the Savoy, the UK luxury hotels group, moved closer to conclusion yesterday when US investment group Blackstone submitted a bid proposal, according to people close to the negotiations.

Blackstone is said to have stopped short of submitting a formal bid but indicated that it would take a formal all-cash bid worth about \$530m (\$863m) following discussions by the Savoy board. Blackstone, based in New York, refused to comment.

The Savoy board is thought likely to decide whether to accept the offer

in the next few days. An announcement could come as early as Tuesday. It is unclear whether the board has received formal offers from other bidders, but Blackstone's is understood to be the highest so far.

Two US real estate investment trusts, Starwood Lodging and Mediterra, are thought to be keen to acquire the Savoy group. Prince Alwaleed bin Talal bin Abdulaziz Al Saud, the Saudi investor, is believed to be considering whether to submit a formal bid in conjunction with Four Seasons, the hotels group.

Blackstone's decision to submit the bid follows its completion of several days of due diligence. It controls

RESULTS

| Company | Turnover (£m) | Pre-tax profit (£m) | EPS (p) | Current dividend (p) | Date of payment | Dividends outstanding (£m) | Total for year | Total for year |
|------------------------|---------------|---------------------|---------|----------------------|-----------------|----------------------------|----------------|----------------|
| Cambridge Microtech | 1.29 | (1.87) | 0.084 | 0.084 | July 26 | 1.2 | 1.2 | 1.2 |
| Chemical Design | 307.6 | (227.2) | 9.1 | 9.1 | July 26 | 1.2 | 1.2 | 1.2 |
| Concord Communications | 571.4 | (744.5) | 7.4 | 7.4 | July 26 | 1.2 | 1.2 | 1.2 |
| Continental | 13.7 | (11.8) | 1.394 | 1.394 | July 26 | 1.2 | 1.2 | 1.2 |
| EW Fast | 51.4 | (57.9) | 2.511 | 2.511 | July 26 | 1.2 | 1.2 | 1.2 |
| Forward Technology | 122 | (111) | 2.42 | 2.42 | July 26 | 1.2 | 1.2 | 1.2 |
| Marlin Int'l | 36.5 | (30.3) | 3.5 | 3.5 | July 26 | 1.2 | 1.2 | 1.2 |
| Mediobanca | 18.5 | (18.9) | 0.238 | 0.238 | July 26 | 1.2 | 1.2 | 1.2 |
| Reed | 374.8 | (358.8) | 27.8 | 27.8 | July 26 | 1.2 | 1.2 | 1.2 |
| Saatchi & Saatchi | 374.8 | (358.8) | 27.8 | 27.8 | July 26 | 1.2 | 1.2 | 1.2 |

Earnings shown basic. Dividends shown net. Figures in brackets are for corresponding period. *After exceptional charge. *After exceptional credit. *On increased credit. *Comparative result. *Pro forma. *Foreign income disclosed. *Other stock.

NEWS DIGEST

SOFTWARE

Customer revolt ends SunGard bid for Rolfe

A customer revolt has forced SunGard Data Systems, the US software company, to drop an all-share offer for Rolfe & Nolan, the UK financial software business, which at recent prices valued it at £23m. Shares in Rolfe & Nolan closed 147½p lower at 325p yesterday.

The recommended deal had prompted protests from clients including investment banks that use the products of both companies. They were worried that software prices would rise as a result of weaker competition. Patrick Seely, managing director of Broadview Associates, the investment bank advising SunGard, said certain clients had complained individually, and through trade associations to both companies and also approached the competition authorities in the US and UK. SunGard now plans to raise its presence in the UK through organic growth, Jonathan Guthrie.

PHARMACEUTICALS

Glaxo still willing on SB merger

Sir Richard Sykes, chairman of drugs company Glaxo Wellcome, has suggested to stock market analysts that a merger with UK rival SmithKline Beecham is still possible, according to the stockbroker, Lehman Brothers. Sir Richard told analysts that when the heat had died down everyone should "think again", a note from Lehman said.

The proposed merger, which would have been the biggest in corporate history was called off more than a month ago, with SmithKline saying Glaxo had reneged on previous agreement on who would run the merged company. Glaxo's shares rose 26p to £17.57 yesterday. Daniel Green.

INSURANCE

RSA paid £1.5m in compensation

Royal & Sun Alliance, the composite insurer, is thought to have paid out £1.5m in compensation to the heads of the two companies which formed it in 1986.

Richard Gamble, formerly of Royal Insurance and the original chief executive of the merged group, is believed to have received a pay-off of about £770,000 following his sudden resignation in December.

Mr Gamble was replaced by Robert Mandelsohn, previously head of the group's US operations in a boardroom reshuffle which also resulted in Roger Taylor, former executive deputy chairman, from Sun Alliance, relinquishing his executive responsibilities. Like Mr Gamble, Mr Taylor was on a two-year rolling contract and is thought to have received about £780,000 in compensation for losing his role.

During 1997, the company's share price out-performed the FTSE 100 index by 10.6 per cent and the FTSE-All Share by 15.1 per cent. Operating profits rose from £505m to £745m. Christopher Adams.

CONSTRUCTION

Costain reduces losses

Costain, the construction and civil engineering company, narrowed pre-tax losses from a restated £82.3m to £7.4m in 1997. The company, which plunged into the red in the early 1990s following a diversification into coalmining in the US, said it hoped to break even this year.

Shareholders rescued the company with a £47.5m refinancing in November, and its shares, which had been suspended for a year, were relisted. The results were in line with forecasts and the shares yesterday rose 1p to 28½p.

Turnover was £173m lower at £571m, largely as a result of the disposal of its US coal interests for £20m to £12m, which had lost £350m since acquisition. Jonathan Guthrie.

BANKING

Barclays director to retire

Bill Gordon, who has run Barclays' UK banking services since 1992 and sat on its board since 1995, is to retire at the end of September after 43 years with the Barclays group.

Barclays has already reorganised its management structures in view of Mr Gordon's impending retirement. The two principal elements of UK banking services, which Mr Gordon headed, have been split. Personal banking has been grouped with European and private banking and retail investment products. UK business banking will be grouped with Middle East and Latin American operations under Chris Lendum. George Graham.

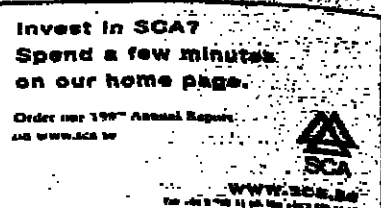
FTSE Actuaries Share Indices - Quarterly Valuation The UK Series

| Index | Market cap as at 31/12/97 (£m) | % of All-Share Index | Market cap as at 31/12/97 (£m) | % of All-Share Index | Market cap as at 30/09/97 (£m) | % of All-Share Index |
|-----------|--------------------------------|----------------------|--------------------------------|----------------------|--------------------------------|----------------------|
| FTSE 100 | 1059178.45 | 76.21 | 918930.54 | 76.08 | 830001.09 | 75.98 |
| FTSE 250 | 144814.76 | 13.52 | 121318.15 | 12.63 | 117191.18 | 12.67 |
| FTSE 350 | 21884.54 | 2.07 | 19403.70 | 1.90 | 18077.18 | 1.93 |
| FTSE 400 | 130321.15 | 12.21 | 113298.68 | 11.21 | 101011.27 | 10.83 |
| FTSE 500 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 600 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 700 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 800 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 900 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 1000 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 1100 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 1200 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 1300 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 1400 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 1500 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 1600 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 1700 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 1800 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 1900 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 2000 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 2100 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 2200 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 2300 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 2400 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 2500 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 2600 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 2700 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 2800 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 2900 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 3000 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 3100 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74 |
| FTSE 3200 | 127764.37 | 12.02 | 110826.66 | 10.89 | 101780.69 | 10.74</ |



COMPANIES & MARKETS

Weekend April 4/April 5 1998



Rosneft's price tag puts off top contender

Lukoil consortium's warning puts Russian sale in doubt

By Christy Frelund and John Thornhill in Moscow

The sale of the Rosneft oil company, Russia's flagship privatisation, was thrown into doubt yesterday when the most powerful contender said the government's starting price of \$2.1bn was too high. Vagit Alekperov, president of Lukoil, one of Russia's largest oil companies, said that unless the price was lowered it was unlikely his consortium, which includes Gazprom, the natural gas group, and Royal Dutch/Shell, would participate in the auction. Pressure to change the terms of the Rosneft sale comes after President Boris Yeltsin's abrupt dismissal of the cabinet, which left Russia without a government. The parliament's vote on the candidacy of Sergei Kiriyenko, the president's choice as new prime minister, has been delayed until late next week. The government is coming

under concerted pressure from Russia's leading businessmen to accept a lower price for its most valuable remaining corporate asset.

Mr Alekperov said that the two other leading potential bidders were also reconsidering their intentions.

"We think that the price set by the State Privatisation Committee is clearly too high. It does not take into account the movement in the price of oil since September," he said in an interview.

Mr Alekperov, who said his complaint was only with the valuation, not with the structure of the sale, suggested a fair starting price for the 75 per cent stake would be \$1.3bn to \$1.7bn. The Rosneft privatisation has become a crucial political issue for the Russian government, which has promised that the company will be sold fairly and transparently, following a string of controversial sales. Revenues from the Rosneft sale are also vital to help

strengthen Russia's strained public finances.

So far, the Russian government appears to have defied pressure to tailor the terms of the sale to suit insiders. But a "buyers' strike" may prove impossible to resist.

"Each one of us is just stating his own point of view. But it would be a real pity if the auction were to fail. Then the budget wouldn't get any money," Mr Alekperov said.

His comments echo statements earlier in the week by Gazprom and Yukos, the Russian oil giant, which said they were being forced to participate in the auction because of the high price.

Oneximbank, which, with British Petroleum, has also expressed interest in Rosneft, has been more guarded.

"Our position is under consideration," a BP official said, indicating that a firm decision had not yet been made.

See Lex

Sunbeam shares drop on loss alert

By Richard Waters in New York

Sunbeam, the US group that has become a platform for the global ambitions of "Chairman" Al Dunlap, its chairman, suffered a sharp reversal yesterday as it disappointed Wall Street for the third time this year with weaker-than-expected earnings.

Shares in the household products company fell 21 per cent during the morning to stand a third lower than their high point this year. The stock was trading at \$36.5, a fall of 9% on the day.

The drop followed an announcement that the maker of toasters and other household items expected sales for the first quarter to fall 5 per cent below the same period in 1997, and that it expected to show a loss for the period.

Two weeks ago, Sunbeam warned that changes in inventory practices among some big customers had hit first quarter sales, but it still expected them to top the 1997 level.

Mr Dunlap, noted for his abrasive management style and willingness to cut large numbers of jobs from the company, has headed, since brought in 18 months ago to turn round ailing Sunbeam.

He set the company on a new course this year, announcing he would use it as the base for buying other household products companies around the world as part of a plan to consolidate a fragmented business.

A high share price would further this aim. Sunbeam used stock and cash in its first three acquisitions announced last month, which together would more than double its revenues to \$2.7bn.

Mr Dunlap blamed the first quarter's weaker sales on lower orders for the company's barbecue grills, which he said were always "difficult to forecast", as well as further signs that retailers were "continuing to manage down their inventories". He had also turned away some orders at prices that would have forced the company to its profit margins.

Acting to reverse the decline, Mr Dunlap said that Don Uzi, head of the consumer products business, "has been terminated". The company was looking outside for an executive to run its outdoor leisure operations.

THE LEX COLUMN

Dow's marathon sprint

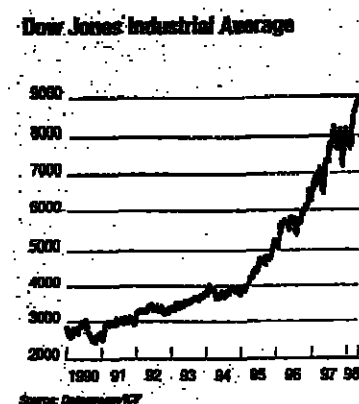
The seemingly relentless upward momentum of the US stock market yesterday pushed the Dow Jones Industrial Average above 9,000 points for the first time. New records have become almost as repetitive as warnings, in this column and elsewhere, that the market is overvalued.

The bulls counter that although the market is at historic highs on virtually any measure - price versus earnings, yield and so on - this is justified by the transformation of the domestic economy into a low-risk, stable-growth nirvana.

The problem is that even if one accepts that there has been a permanent change in the domestic economy, such elevated valuations are difficult to accept unless accompanied by earnings growth that continues to outstrip - and by some margin - economic growth.

That seems unlikely. America's largest companies are mostly multinational and their earnings are being hit by weak sales in Asia and the stronger dollar. Domestically, labour costs may start to eat up a larger share of revenues. Moreover, with returns on capital at historically high levels, companies could be tempted to invest more - which, in turn, would eventually cut returns.

First quarter earnings growth estimates have already been clawed back to 0.8 per cent, according to First Call, and expectations of double-digit growth in the third and fourth quarter look increasingly unrealistic. The market still has two big defences: low interest rates and the heavy flow of cash into mutual funds. It will need them.



Face-saving is the key to understanding. The company still needs to be seen to justify an unexpected DM3bn rights issue, that has so irked investors. Raising its bid to a reported \$370m, not much more than BMW's \$340m, is hardly a knock-out blow. Its chances of actually winning this auction are in any case slim. BMW's longstanding supply of parts to Rolls-Royce gives it an indisputable cost advantage that has scared off other potential bidders. Rolls-Royce plc, the aero-engine maker, also looks wary of granting VW the right to use the brand name for fear of alienating BMW, its aero-engine partner.

Volkswagen's shareholders should hope that Mr Pisch's complicated motivations for bidding do not lead him to overpay. If VW is to compete at the top of the luxury segment, it should do so with its own Audi brand.

Argos

GUS's bid for Argos has not developed into the route that initially seemed likely. Whereas it once appeared possible that GUS might escape without raising its \$700 per share offer, that option is no longer tenable. So much is clear from the share price, which closed yesterday at 56p. The new profit forecast and revised retail strategy show that Argos's core business is not the deal concept some believe. The Littlewoods tie-up, meanwhile, has reminded the market that GUS is not the only entry point to home-shopping. The \$431m return of capital is simply an added sweetener.

So what is Argos worth to GUS? Assume 35p earnings this year, attach a multiple similar to Dixons, add in a dividend, and the share, ex-bid, is probably worth around 57p. To that, must be added the potential value of the home-shopping business, and a control premium. Perhaps Lord Wolfson, GUS's chairman, could get away offering less than the market price - say 58p. But is it worth the risk of being too cheap? After all, Argos is of considerable strategic value to GUS: it provides the means for transforming GUS's declining home-shopping business into a viable direct mail-order offer.

That is a price worth paying up for, especially if the alternative strengthens its main competitor, Littlewoods. Lord Wolfson will not want to overpay, but nor is this a time for false economies.

Rolls-Royce Motor Cars

There are more twists and turns to the sale of Rolls-Royce Motor Cars than in a Silver Seraph's gleaming BMW engine.

Volkswagen's confirmation that it has raised its offer - following BMW's triumph in the first round - is hard to read. Appearances to the contrary, it is doubtful whether Ferdinand Pisch, Volkswagen chairman, is really determined to gain control of Rolls-Royce. Sure, Mr Pisch wants to move further up the luxury scale. But since the first expressions of interest, it has been widely observed that Rolls-Royce would fit uneasily with the mass market Volkswagen brand. Repositioning the classy Audi range further upmarket would be less of a challenge, and also less costly than buying - and then investing in - Rolls-Royce.

Liffe

Things are getting ugly at Liffe. Disputes that have been bubbling along for years within London's futures and options exchange are bursting out into the open. There are arguments over strategy: how, and how fast, should Liffe make the switch from open outcry to automated trading? There are wrangles over governance: should the exchange continue as a mutual or convert to a plc structure? There are also disputes over leadership: is the board or the chief executive to blame for the malaise?

In this maelstrom, two things are clear. First, Liffe has not been good at taking decisions in recent years. This is mainly because it is split into factions representing differing interest groups. Second, though the

Endesa to complete sell-off with \$8.7bn global offering

By David White in Madrid

Endesa, the dominant Spanish power generation group, is to become fully privatised through a final global share offering in May or June worth some Pta1,366bn (\$8.7bn) at current market prices.

This would be twice the size of the last offering of Endesa's shares in October, already a record for a Spanish privatisation. The final sale will take place in a single step, instead of the two-stage operation which the stock market was expecting.

The offering will be made by the state holding company Sepi, which will sell its 33 per cent stake in Endesa. At the same time there will be a capital reduction at the power company, which is to buy up the remaining 8.2 per cent of its stock.

Endesa shares closed yesterday 2.45 per cent up on the Madrid market at Pta3,980. Juan Bastos, of Madrid brokers

Ibersecurities, said the decision to go for a rapid completion of the privatisation process was "good news", adding that he expected a favourable reaction by investors.

The plan still has to go through a consultation process and receive formal cabinet approval, while the capital reduction needs to be approved at a forthcoming shareholders' meeting. Pedro Ferreras, Sepi president, has indicated that he expects the operation to go ahead in late May or early June.

The share offering is to be co-ordinated by Dresdner Kleinwort Benson and the Spanish bank groups Banco Santander, Argenta and Banco Bilbao Vizcaya.

Endesa's share buyback is to be carried out once the offering is completed at the same price as that offered to institutional investors, but with a maximum of Pta3,885 per share - Thursday's closing price in Madrid - if the offer

price exceeds this level. This means that the maximum cost of the operation to the company is Pta3,106bn.

Endesa said it would be able to absorb the cost from its cash flow - which rose 8.5 per cent to Pta447.8bn in 1997 - and proceeds from a series of divestments totalling Pta175bn.

Last autumn Sepi abandoned its majority control of Endesa, selling 25.5 per cent of its holding.

The shares were sold at Pta2,685 for institutions and Pta3,563 for individual shareholders, who have since seen their value rise by 54 per cent.

Endesa recently announced a modest 1 per cent increase in its 1997 attributable net profit to Pta166.74bn. This week a consortium in which the company has a 41 per cent stake paid \$368m for a Brazilian electricity distributor.

World stocks, Page 21

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| Argos | 22 | Endesa | 24 | NationsBank |
| BA | 5 | GUS | 24 | Outlight |
| BAA | 5 | Gazprom | 22 | Riffe & Nolan |
| BMW | 23 | Général des Eaux | 24 | Rolls-Royce Motor |
| Bank of Japan | 1 | | | Rosneft |
| Blackstone | 22 | Guinness Mahon | 22 | Royal Dutch/Shell |
| Boeing | 2 | HSBC | 5 | Savoy |
| Carnival Corp | 22 | Henderson | 22 | Sepi |
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| Cordiant | 22 | Lukoil | 24 | Sunbeam |
| Cunard | 22 | Metromail | 5 | Telecom Italia |

Markets Latest

| | | | |
|--------------------------|-----------|-----------|------------------|
| FTSE 100 | 2994.2 | (+11.4) | STERLING |
| Yield | 2.89 | | New York: 1.6887 |
| FTSE Europe 300 | 1245.85 | (+7.23) | London: 1.6887 |
| FTSE All-Share | 2922.37 | (+0.29) | DM: 1.8950 |
| Volvo | 15,517.78 | (+155.12) | DM: 1.8950 |
| New York: 1.6887 | | | DM: 1.8950 |
| Dow Jones Ind Ave | 8974.84 | (+11.78) | DM: 1.8950 |
| S & P Composite | 1121.25 | (+1.25) | DM: 1.8950 |
| IN LONDON MONEY | | | DM: 1.8950 |
| 3-mo Interbank | 7.12% | (17.94) | DM: 1.8950 |
| Life long gilt | 4.10% | (10.01) | DM: 1.8950 |
| IN US LUNTIME RATES | | | DM: 1.8950 |
| Federal Funds | 5.49% | | DM: 1.8950 |
| 3-m Treasury Yld | 5.04% | | DM: 1.8950 |
| Long Bond | 4.04% | | DM: 1.8950 |
| Yield | 5.77% | | DM: 1.8950 |
| IN NORTH SEA OIL (Argus) | | | DM: 1.8950 |
| Brent Dated | \$12.75 | (13.44) | DM: 1.8950 |
| Nica | | | DM: 1.8950 |
| New York: 1.6887 | | | DM: 1.8950 |
| London: 1.6887 | | | DM: 1.8950 |

Weather

Europe today

North-western Europe will have blustery showers, but most parts will also have sunshine. Southern parts of Sweden and Norway will have spells of rain, but central parts will stay dry, although the far north will have wintry showers. Eastern Europe will be mainly cloudy, with periods of heavy rain. The Iberian peninsula will have showers, but the far south should stay dry. The rest of the Mediterranean will be dry and mainly sunny.

Five-day forecast

North-western Europe will continue unsettled with frequent showers. Central Europe will be wet again tomorrow but should become dry on Monday. Southern Scandinavia and eastern Europe will have further rain at times and this will quickly spread towards Italy during the first half of next week. Eastern Europe will have further rain.



Situation at midday. Temperatures maximum for day. Forecasts by THE WEATHER CENTRE

TODAY'S TEMPERATURES

| | | | | | |
|-----------|----|-------------|----|--------------|----|
| Abu Dhabi | 30 | Bangkok | 30 | Beijing | 18 |
| Algiers | 24 | Bombay | 24 | Buenos Aires | 18 |
| Amsterdam | 10 | Calcutta | 24 | Cardiff | 12 |
| Athens | 20 | Cairo | 24 | Chennai | 24 |
| Atlanta | 18 | Dubai | 24 | Copenhagen | 12 |
| B. Aires | 28 | Hong Kong | 24 | Dallas | 12 |
| Buenos | 12 | London | 12 | Doha | 24 |
| | | Los Angeles | 12 | Dubrovnik | 20 |

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Lufthansa

REPUBLIC OF CROATIA COUNCIL FOR TELECOMMUNICATIONS

Pursuant to the Article 14. Item 1 of the Law on Telecommunications ("National Gazette", No. 53/94), the Council for Telecommunications hereby announces an international

TENDER

for granting a concession to construct and operate a nation-wide digital cellular communications network in Croatia (GSM).

The Council for Telecommunications intends to grant one concession to construct and operate digital cellular communications network within the Republic of Croatia. The scope of the concession will cover frequencies in the GSM frequency band.

The term of the concession will be 10 (ten) years.

The concession will be granted based on a comparative evaluation of the applications filed by interested parties. The tender document sets out the procedures and requirements relating to the preparation, submission and evaluation of application for the GSM concession.

In order to obtain a copy of the tender document, interested parties should submit a written request for the tender document, identifying the name, address, telephone number and facsimile number of the legal entity making the request to Ministry of Maritime Affairs, Transport and Communications, Prilaz 14, HR-10 000 Zagreb, Croatia.

Request for the tender document must be accompanied by the proof of payment of 30.000 kuna. Payment of such amount must be made on the account of the Ministry of Maritime Affairs, Transport and Communications, Account No: 30102-789-2799.

Only legal entities which purchase the tender document may participate in the tender procedure.

A non-refundable fee of 150.000,00 kuna is also payable to the same account of the Ministry of Maritime Affairs, Transport and Communications when submitting application to the tender.

The deadline for requesting the tender document is 16.00 hours by Central European Time on 15 April 1998.

The closing date for the receipt of completed applications is 16.00 hours by Central European Time on 15 June 1998.



Holm back home

'Stage work represents his greatest personal triumph; he kept away from the theatre for nearly two decades'



Friendly fritillary

'Perhaps you have shared my view that it is difficult and best avoided. Now I learn that it is really quite easy'



Wines with spirit

'This Chardonnay tasted so lively and savoury I am convinced it is haunted by the ghost of a great Greek grape'

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Mother of all tongues

Swedes speak it, Chinese speak it, even the French (sometimes) speak it. As the millennium approaches, English ('the easiest language to speak badly') will never have a better chance of becoming the world's lingua franca, says Christian Tyler

The board of SKF, the bearings manufacturer, contains 11 Swedes, one Swiss, one German and one Italian. When it meets in Gothenburg later this month, it will, for the first time on home soil, conduct its business entirely in English.

SKF is a small illustration of a large fact: the irresistible process of Darwinian selection which is making English the world's undisputed common language.

Language is the most sensitive part of a nation's culture, and there are people who will fight tooth and nail to prevent what they see as the approach of an Anglo-American hegemony. But we are not talking about political or economic domination here.

Languages are not social systems; they can live side by side in a single country or in a single street. They can live in the same head.

It is time to see what is happening, and to recognise that almost everyone would benefit if national governments and teaching establishments as well as international companies were formally to adopt English as their second language.

The only people to lose would be - well, the English themselves.

Formal recognition of English as the world's lingua franca would be no imposition but a belated response to a worldwide demand. Philologists estimate that some 350m have English as their mother tongue, and nearly a billion know how to use it - a sixth of the planet's population. That is fewer than speak Chinese, yet there are reportedly more people in China learning English than speak it in the US. Even in Switzerland, which has three languages of its own - four if you count Romansh - English is gaining ground.

Last week the German media group, Bertelsmann, a private firm created over 150 years ago to publish Protestant hymn books, announced it was buying the American publisher Random House. This, said the company, was to fulfil its ambition to become the biggest producer of English language books in the world.

Leading German manufacturers such as Hoechst and Siemens have already adopted English for internal use; at these and many other companies, when a non-German is present at a management meeting the business is automatically done in English.

The Swedish revolution is being led by the Wallenberg business empire which has controlling stakes in SKF, Ericsson, Electrolux and Scania, among others. Percy Barnevik, the man behind it, said: "In eastern Europe they know German and in Romania they speak French. But we are absolutely adamant about using English. Even in former French colonies in Asia, English is the business language."

The European Union has 11 official languages, and will get more when another five countries join. However, most of the daily business of the bureaucracy in Brussels is conducted in two or three: French, English and German. Here, too, English is gradually pushing out the others; and if it were not for periodic complaints from above, officials say, it would probably take over entirely.

Such supremacy can be explained as an accident of history: the huge reach of the British empire followed, in this century, by the economic sway of the US. But English has advantages of its own in that evolutionary struggle in the linguistic jungle. It is versatile as well

So why does every transnational body not adopt it? The reason is cultural sensitivity

as voracious. Although boasting an enormous vocabulary (the Oxford English Dictionary lists well over 500,000 words even without scientific terms), it is economical in expression. Gender and case are largely dispensed with, spelling is (with exceptions) straightforward and pronunciation (again with exceptions) manageable. It is simple to learn and deploy for practical exchanges, yet rich enough to handle deep abstraction and poetic nuance. As the anglophile Maurice Druon, perpetual secretary of the Académie Française, once joked: "If English has had some success, it is because it is the easiest language to speak badly."

So why does every transnational body not adopt it instantly? The reason is cultural sensitivity. "Language goes to the heart of a person's identity," said Felicity Lewis, English language co-ordinator at the European Commission in Brussels. "Because we speak a world language, we don't realise how extra-sensitive people are about their own." This, and the needs of national legislation, means that EU languages are treated as equal, and the Commission finds itself running the largest translation service in the world.

No country feels more strongly than France. Druon has declared that "the language of a people is its soul. It is the fundamental intellectual patrimony." The Académie, which admits foreign words only when no sensible French substitute is available, is currently involved in a gender struggle with Lionel Jospin's women ministers: *ministère* is a masculine noun, but they



want to be addressed as "madame la ministre".

France's jealous love of its language is understandable. But it is not entirely rational. At most periods of history, some language not native to all its speakers has served as a lingua franca. As the name suggests, French (mixed with Italian) was once the common tongue of mediaeval crusaders and Mediterranean traders, just as it became the diplomatic and scientific medium of Europe in the 18th and 19th centuries. Latin was the language of Christendom, and Greek ruled the Mediterranean before that. Today, the people of east Africa compromise with Swahili, the people of India with Hindi and English.

What is more, most people in most countries have always lived with two languages: one at home round the family table, another when on business out of town. Modern Italian is the local language of Tuscany which, as a result of the same Darwinian process which has promoted English, Italians use to overcome their mutually incomprehensible dialects. Parisians speak *croyot* in the street, French at the dinner table. Until the invention of the nation state, the boundaries of language were as much horizontal as vertical: peasants spoke one tongue, merchants another, administrators and courtiers perhaps a third.

Even today this is true. The US, which has overtaken Britain as the biggest exporter of the English language, is itself in linguistic turmoil. As far north as Massachusetts the buses carry signs in Spanish as well as English. A quarter of Americans speak something

other than English at home, and multicultural lobbyists seem intent on keeping things that way. Even the black American pidgin known as "ebonics" has achieved political status. If the pluralist argument prevails, the US could find itself in the paradoxical position of having to declare - as nearly half the states have done already - English as their official language.

But the xenophobia of linguistic chauvinists is misplaced. They cannot see that to accept one language - it just happens to be English - as the lingua franca of the

The people most likely to be upset will be native English speakers themselves

millennium has all kinds of advantages. It could even enhance the cultural values they are so anxious to defend.

The obvious first benefit would be a cost saving. When a visitor suggested to a Chinese provincial governor that his priority import should be English, he looked round the banquet table, indicated the many interpreters present, and replied: "Then some people here would be out of a job." If the EU could swallow its doctrinal objections, it could dispense with some of the 1,812 translators - more than 10 per cent of the Commission's staff - and 700

freelance interpreters it already has on its books, and save up to Ecu200m (£130m) a year. The prospect of even more languages being added (Hungarian, Czech and Polish, at least) caused a Dutch official to declare: "It will be a disaster." Every new Commission recruit should come with English, he added. "Not that I am pro-English. I'm even a little bit against it. But the truth is the truth. English is the world language."

If governments could overcome their cultural fear, every schoolchild would be spared the decision over which foreign language to learn first. Universities teaching in two languages would have the pick of the world's students. Small countries with difficult languages would be able to make the kind of cultural connections presently denied them, and to broadcast their own cultures more widely. As a Finnish university professor observed at a recent EU-Japan conference in Tokyo, few Asians go to Finland to study because of the language barrier, and most Finns choose the UK, Germany or France.

Adopting the language of a currently dominant economy does not mean submitting to another's fashions and values. If that is going to happen, it will happen for other reasons. On the other hand, embracing English as a second language helps protect the native language from the kind of foreign distortions which the French government so desperately (and unsuccessfully) tries to stamp out.

In the end, the people most likely to be upset will be native English-speakers themselves. For universal English - let us call it

"World Standard Converse", or WSC, in honour of Winston Spencer Churchill, one of its finest modern exponents - would drift even further from its western moorings. Little more than 1,000 years old, English has always been a magpie language, borrowing from French, Arabic, Hindi - wherever its speakers have landed. No doubt WSC would go on stealing words for ideas it still cannot express: the Japanese *genki*, for example, meaning "in good spirits", or "upbeat", slips easily on to an English palate and fills a gap.

Universal English would develop a life of its own, and native English speakers would find themselves in the same boat as everyone else - talking their traditional *patois* at home among themselves. WSC with the rest of the world. That may sound far-fetched; but, like the rest of this agenda, it will happen because it is happening already.

You only have to hear the difference between the man in the street who is hauled in front of a microphone and the spokesperson of a company in the same predicament. The former uses short, Saxon words, and a stream of idiom in a local accent which few foreigners, however good their English, could understand. The latter employs a Latinate version, full of passive constructions and polysyllabic substantives, to give what he hopes is authority - and credibility - to his words. Diplomats learn to speak this language without effort. But many politicians cannot function at all under pressure without a text. Even American presidents and English prime ministers - as the examples of Bush, Clinton

and Thatcher show - can get into serious difficulties when speaking off the cuff.

English will spread because the world demands it; and as it spreads it will divide, because it is already dividing. It is time to grasp the nettle, to *serrer les dents*, to *coger el toro por los cuernos*, to *shí shí qū shí* ("seek truth from facts"). It is time, as

the Sicilians say, to "swallow the toad".

Since there is no escape, Britain should be beneficent. Making amends for its lagged commitment to Europe, it should persuade the EU graciously to accept its language.

The same should be its millennial gift to the world.

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Joe Rogaly

Fair cops

'It would be miraculous if there were no corruption or bungling in the new national crime squad'

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Ultimate attic sale

From Turners to tumble driers - one of Britain's grandest mansions goes under the hammer

In FT Weekend

PERSPECTIVES



Jan Brown: Beechwood Dyslexia Centre is not just doing good work; we are a good business prospect as well

Christopher McCooney

Minding Your Own Business

Ambition diagnosed

A teacher of dyslexics wants to expand her operation. Christopher McCooney reports

More than 20 years ago, Jan Brown, now 46, trained as a teacher of people with specific learning difficulties because she wanted to help others. Sixteen years later she founded the Beechwood Dyslexia Centre and makes a business out of doing so.

Since an estimated 15 per cent of the population is thought to have some degree of dyslexia, she is convinced there is plenty of opportunity for expansion.

Before setting up Beechwood, Brown had been responsible for the conception, fund-raising, establishment and successful running of an innovative dyslexia centre within the state educational system. But she was frustrated by a lack of suitably trained personnel who could help dyslexic individuals and the failure of the local education authorities and government services to address these needs.

"Under the Education Act, those with dyslexia should be identified and helped but the problem is that there is so much bureaucracy within local education authorities that the process can take years," says Brown. "The state system is a minefield - there are so many hoops to go through. But parents who suspect their children may be dyslexic, can come to Beechwood for immediate diagnostic tests and once the results have been evaluated,

we can quickly get the appropriate specialist help."

The basic diagnostic test takes two and a half hours and costs £200. Brown concedes that, in the beginning she was undercharging - now that she is in the marketplace, she has had to learn to price competitively.

"We still don't charge for general information but because we were spending a lot of time giving advice, we weren't making money. Now a flat fee for an initial consultation is £50 and we produce a comprehensive report with recommendations of how best to proceed. This may involve teachers, parents and other specialists. Many assessments of this sort don't lead to work for us because many of the people travel quite a long way."

Obviously, if they want to follow up our recommendations they try to do so nearer to where they live."

So for all its good work, Beechwood is neither a charitable organisation nor an enterprise in altruism - it has had to become a business. And it has been a struggle - for the first two years, Brown did not take a salary. But turnover has quadrupled from £24,000 in 1995 to £104,000 last year. Brown now draws a salary and any profit goes back into the business.

"Beechwood's first premises were located in Meopham Community College. I took a three-year lease on

some redundant rooms at a monthly rent of £250. I did everything myself, except the re-wiring, to get the rooms ready and at the beginning there was just me to do the teaching," says Brown. "The bank was not encouraging - they said I would go under - but it still lent me £7,000 and eventually was quite supportive because I did what I said I'd do: achieve turnover of £22,000 in my first year."

The aim is to become the main provider of treatment for dyslexics

"After six months, I was employing three more teachers plus a part-time secretary. Now I have 15 staff and a number of therapists and educational psychologists who are hired for specific purposes and whom we pay on invoice. Our standard charge for teaching one-to-one is £22 per hour. Also, we offer seminars and lectures throughout the year, as well as specifically designed computer programs to meet the needs of those with dyslexia, as well as their teachers, parents and other interested parties."

Training courses are Beechwood's main source of

income. They are aimed at ordinary teachers, classroom assistants and other education and health professionals. The courses lead to Royal Society of Arts certificates in Literacy and Numeracy Support and Teaching Students with Specific Learning Difficulties. The courses, consisting of one day a week for 20 weeks, cost £1,300 per person.

Teaching teachers to identify pupils who are dyslexic is integral to Beechwood's philosophy. Once teachers recognise the problem, they can develop individual strategies that work for each student.

Beechwood's professional development team will also go into the community to assist commercial and industrial businesses in providing support for any dyslexic employees. "Many adult dyslexics do not achieve their full potential in the workplace, even though the majority are of above average intelligence, because they are worried that progression and promotion will mean more difficulties. Yet recognition and treatment can produce startling results," says Brown.

As part of the confidence-building strategy, Beechwood reminds people on its books that Tom Cruise, Michael Heseltine, Lord Rogers (architect of the Lloyd's Building and the Pompidou Centre), Whopoli Goldberg and Lynda La Plante have adopted strategies to

cope with their dyslexia.

Brown is keen to expand her business, but is frustrated by lack of financial support. "We have reached capacity at Meopham. I'm worried about losing control if a private investor comes on board but at present the bank is being unco-operative. It said: 'OK, there is a demand. Yes, you have a track record. But what happens if...?' Very frustrating. I enjoy being my own boss, the problem-solving, the buzz of business."

"The plan is to expand the operation by opening additional centres in strategic locations wherever there is a need throughout the UK. The aim is to become the country's main provider of treatment for dyslexics and the training of dyslexia teachers. Once I have a backer or a sponsor the bank will support my business expansion plans."

A beech tree grows from a tiny seed, its roots and branches spreading out as it grows. Brown has high hopes of fulfilling the potential of the name she chose for her business: "I hope to have five more Beechwoods established in the next five years. A franchise operation is possible. We're not just doing good work; we are a good business prospect as well," she says.

Beechwood Dyslexia Centre, Meopham School Campus, Wrotham Road, Meopham, Kent DA13 0AH; tel: 01474-815055.

The Nature of Things
When beanz meanz genes

We are all likely to eat genetically modified food whether we want to or not, says Clive Cookson

Genetically engineered plants are marching rapidly across the world's farmland. Last year an estimated 30m acres were planted with crops whose genes had been manipulated to resist herbicide, kill pests or withstand disease - six times more than in 1996. The corresponding area could be more than 100m acres by 2000.

The agricultural biotechnology industry is pushing genetically manipulated (GM) crops for obvious commercial reasons. Many farmers and agronomists welcome them, too, on the grounds that they could enable food production to keep pace with the world's growing population, without causing unacceptable environmental degradation.

But opinion polls show considerable unease among consumers, especially in Europe, about the speed with which GM crops are being introduced. Although European governments are delaying permission for full-scale commercial introduction of GM seeds, their counterparts elsewhere have shown little reluctance to approve what is becoming the greatest experiment in environmental genetics in the earth's history.

The rules of free world trade give Europe little scope for holding up imports of GM food grown elsewhere and, indeed, these are already pouring in. The most important is soy: one acre in seven of soy beans grown in the US last year was genetically modified to resist herbicide (this enables farmers to apply a broad-spectrum weedkiller that will exterminate all plants in the field except the soy crop).

Soy and its derivatives go into more than 60 per cent of manufactured foods, including biscuits, bread, beer and chocolate. Indeed, you have probably already eaten some GM food without realising it. Don't worry though - it has almost certainly done you no harm.

American soy growers say it would be impractical to segregate GM from non-GM beans, and this year's US crop is expected to consist of 30 per cent GM mixed in with 70 per cent non-GM soy. Not surprisingly, the mainstream British food industry has given up sourcing non-GM soy. Is there anything consumers can do to avoid GM ingredients, while continuing to eat modern processed food? Personally, I do not mind eating GM food but I am worried about the large-scale environmental consequences of crop genetic engineering - and I think consumers should have a choice.

Although supermarkets label products that contain large amounts of GM material - such as tins of tomato purée made from tomatoes

modified to preserve their flavour during processing - no simple test is available to tell whether GM ingredients are present in smaller quantities.

"It is extremely difficult to prove the absence of genetically modified materials in food products," says Ian Lumley, head of food and agriculture at the UK's Laboratory of the Government Chemist (LGC). "Statements and labels may be misleading if a detection limit is not specified."

Tests for GM ingredients depend on detecting small amounts of DNA remaining in processed foods. For example, a laboratory would look for the gene added to confer herbicide resistance and/or for the associated promoter and

food production this century."

Because testing alone cannot guarantee the absence of GM ingredients, Iceland has had to reform its whole supply and manufacturing chain to exclude them. The company now buys soy from farms in Canada and Brazil that guarantee to grow non-GM beans. It has set up a Brazilian processing plant to make key soy derivatives such as lecithin - an ingredient in chocolate - and its frying operations are now carried out in oils extracted from seeds that have not yet been genetically engineered, such as sunflowers, instead of soy oil.

There is inevitably a risk of minor contamination with GM ingredients, says Bill Wadsworth, Iceland's technical manager. "That's why we talk of our own-label products being non-GM rather than GM-free."

The contamination issue is like that for organic foods; you cannot guarantee that an organic crop is pesticide-free because pesticides may have drifted on to it from a nearby field," Wadsworth says. "We are trying to minimise people's exposure to GM foods."

This week, the UK government moved to help smaller companies maintain a non-GM supply chain. The Ministry of Agriculture issued a list of 48 growers and distributors that offer non-GM soy, though this was accompanied by a disclaimer that the list's accuracy could not be guaranteed.

The job of maintaining a non-GM supply line will become increasingly difficult as more crops are genetically manipulated. Whether it will still be practical in three or four years depends on the reaction of consumers and government, says Wadsworth.

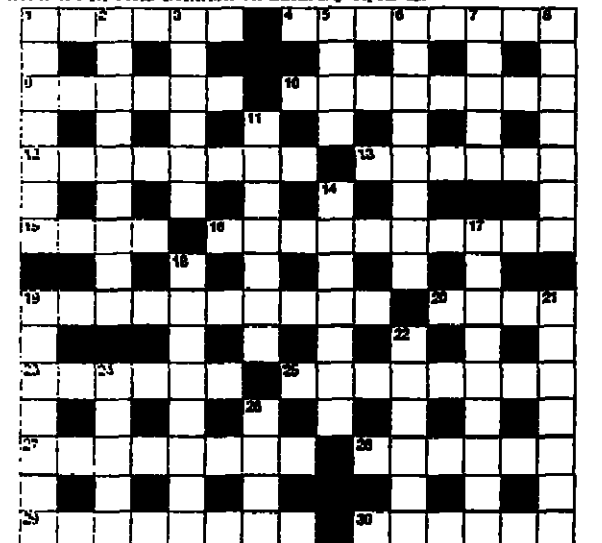
"We believe that the demand for non-GM will grow and thus we hope the availability will be maintained," he says. "We are giving consumers the choice but if they are not worried about GM foods it will become impossible for us to keep going."



CROSSWORD

No. 9,649 Set by ADAMANT

The price of a matching set of finely engraved personalised notepaper, envelopes, and correspondence cards on Ebru Kid Finish Paper from Crane & Co will be awarded for the first three correct solutions. Solutions by Wednesday April 15, marked Crossword 9,649 on the envelope, to the Financial Times, Number One Southwark Bridge, London SE1 1TA. Solution on Saturday April 18.



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WINNERS 9,637: J. McIntosh, Bearsden, Glasgow; R. Devereux, Sevenshaws, L. Knott, Frodsham, Cheshire; S.D. Lewis, Ormskirk, Lancs; M. Murray, Bangor.

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ACROSS

- 1 Where Georgia might change gear (6)
- 4 Revolution in Manchuria ousted university professor, perhaps (8)
- 9 Try and hit another number (6)
- 10 We'd accept road fighting to a certain degree... (6)
- 12 ...but badly licked in outskirts of Wallasey (7)
- 13 Free art form is good at the start (5)
- 15 The old have a right to a certain amount of time (4)
- 16 Noms de plume? Noms de US spy revealed! (10)
- 19 Completely affirmative, but also wavering, see? (10)
- 20 The mark could frighten non-European (4)
- 23 Barbican society takes on a village that's free of evil (6)
- 25 A new trend extremely likely to be practised passionately (8)
- 27 Does it provide a degree of freedom from restraint? (8)
- 28 Punetillous diplomats initially rush to hit back (6)
- 29 Soldier disturbed about a right to titles (8)
- 30 Eagerly providing crucial setting for poor little Leona (6)

Solution 9,648

STRAIN AMBUSHED
A L A B O R
E L E C T I O N
S E C R E T A R Y
D E M O C R A T
W A Y S S P O R T S
I T E R A R Y W O R D
C O M P L I C A T E D
W O R D S
R U T H L E S S N E S S
A C T E R T R I P
A C T E R S P R I T
I M P E R I A L S A P A R I
B I E N S T Y
S A N C T I O N C R E E P Y

DOWN

- 1 Entrance, shortly attending game on the street (7)
- 2 Clothes for Catriona when playing with son (9)
- 3 By the way, it's the channel (6)
- 5 Kick the ball back to the Spanish ambassador first (4)
- 6 Bury Lewis XIV, say, up inside (6)
- 7 Signified the hour at Greenwich? (5)
- 8 They are barely mad to take Flute (7)
- 11 Storage spaces near the back way (7)
- 14 They get you up for gruel cooked in empty bowls (7)
- 17 Sailor will stomach any loss of oxygen when capsizing (9)
- 18 Book shed illumination on becoming a alum (6)
- 19 Forgive sailors being love-sick (7)
- 21 The monarch's fee (7)
- 22 Distant meteor discovered (6)
- 24 Minister comes up carrying books for one who wants to make his mark (5)
- 26 Gardener who will spread a much component (4)

Solution 9,637

F A C E T H M O S I C
W U A A P H
S E A M L E A N
D O L L Y V I N T A G E
S O D E N O I
W A G G A W A G G A
O V I A S
R O I N F I M P A R T
O O E M U T
I G A L S I L A
A T T A R O R M E D I A
N E O A A R O P
G R O U P T H E R A P Y

BRIDGE

Two strange choices were made early in this deal: declarer first squandering the contract, the defender handing it back to him.

The other defender cut through the vertiginous thinking and dummy, making the wisest decision of all, repaired to the bar.

N
A Q J 10 3
A Q 5
A Q 3
J 4

W E
9 8 7 2 A K 6 5 4
K 8 7 10
4 K J 10 7 5 2
Q 10 8 6 3 A 9

S
-
J 9 6 4 3 2
9 8 6
K 7 5 2

North East South West
2NT NB 4H

West led his singleton 4D and, without too much thought, declarer finessed with dummy's Q. At Pat's, this might have some merit but at Teams, when making the contract is the only concern, this was too great a risk.

East won with his K and then, worrying that part-

CHESS

ner's 4+ might not be a singleton, returned 10+4, bravely hoping that this would appear to indicate a subsequent club entry if partner did ruff, but still forcing out dummy's A+ if he did not.

In fact, 4+ must be a singleton - it is the lowest card out, and all the honours are showing. When West did ruff, he naturally led 10+ as an unnecessarily high card and assumed that his partner's entry was K+. However, West correctly reasoned that unless he set up a club trick for his side before his partner scored his K+, the declarer would be home. So he led 6+ anyway and was somewhat surprised when East won with A+ and gave him a second diamond ruff.

Declarer had only himself to blame for his defeat. He should win trick one with A+, and cash AA, pitching a diamond from hand. Then he can lead Q+ and, when East covers, he can ruff, take the heart finesse, cash A+, and then run down his spades, pitching his other diamond and three clubs.

Eventually, West can ruff and cash A+, but that is all the defence make.

Paul Mendelson

CHESS

Oxford were smooth 5-3 winners of the varsity match, played annually since 1973 and chess's longest running fixture. Cambridge are one up in the series, for which a new sponsor, Tony Buzan of the Brain Trust, has promised support for 10 years.

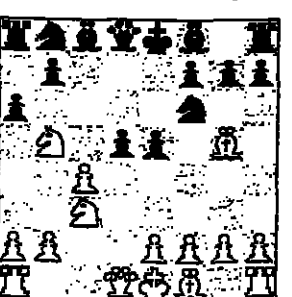
The RAC in Pall Mall provides a fine venue for Britain's future masters to show their skills. The standard on the top three boards was as high as it has ever been, with Oxford wins by GM Dharshan Kumaran and Scotland's best talent Jonathan Rowson, while Cambridge's Harriet Hunt, the world girl champion, showed why many regard her as a future rival to the Georgians and Hungarians who dominate women's chess.

H Hunt v B Tonkov.
1 e4 e5 2 Nf3 Nc6 3 Bb5 a6 4 Bx4 Nf6 5 0-0 Nxe4 6 d4 b5 7 Bb3 d5 8 dxe5 Be6 9 Nb2 Nc5 10 c3 Be7 11 Bc2 Qd7 12 Re1 Bg4 13 Nf1 Bb5 14 Ng3 Bg5 15 Bc3 Ne5 16 a4 0-0 17 Nf5 Rd8 18 Qe2 Bf5 19 h3 b4 20 Rad1 Na5 21 cxb4 Nc4 22 Bc1 Bxb4 23 Rf1 c6 24 N3b4 Qa7 25 Kf1 Bf8 26 f4 Rb6 27 Bd3 Nb6 28 a5 Na4 29 Nxb6 hxb6 30 Nb4 Nc5 31 f5 Nxd3 32 Rxd3 gxf5 33 Nxf5 Nc5 34 Rg3 Ne4 35 Rg4 Rd7 36 Bb6 g6 37 c6 Rdb7 38

CHESS

ex7+ Kh7 39 Bxf6 Rxf6 40 Rf4 mate.
No 1225

Reuben Fine v Mikhail Yudovich, Leningrad 1937. The night before the game, the Soviet state prosecutor Nikolai Krylenko visited the tournament. He had persuaded Lenin to give huge amounts of government money to chess, and wanted results. "What will you do tomorrow?" he asked the player paired with America's number two grandmaster. "I'll catch Fine in an opening trap," said Yudovich, and showed the sequence 1 d4 d5 2 c4 e6 3 Nc3 Nf6 4 Nf3 c5 5 Bg5 cxd4 6 Nxd4 e5 7 Nxb5 a6. Krylenko thought it



a joke - but it came true. What did Fine (White, to play) fall for?

Solution, Back Page
Leonard Barden

PERSPECTIVES



Joe Rogaly

Her Majesty's G-men versus the gangs

A bigger crime industry needs a bigger police response. But will we now need protection from the protectors?

We are all protected by the police, except when they are overzealous or corrupt. Then we need protection from the force, not by it. This is grade one civics. Pristine democrats like us have such sentiments etched on our souls, or try to believe that the same is true of Jack Straw, Britain's Labour minister responsible for, among other matters, the fuzz.

Let us be fair. Judged by his actions to date, the Home Secretary is a master of pristine democracy. So we can relax, can we not? Yes and maybe.

Let me explain. Britain has a new national crime squad. It is supervised by its own "service authority" and thus at least semi-detached from the Home Office. This sounds like the US

Federal Bureau of Investigation writ small. Permit us just a little fidget.

You have only to flash back for one moment to the dubious history of the FBI under J. Edgar Hoover and some of his successors to realise the dangers inherent in a powerful central agency.

The story is part of 20th century folklore. Hoover ruled his cadres of sober-suited, conservative, G-men for half a century. Only a president could fire him. None dared. He kept files on his supposed political masters, thus ensuring his own invulnerability to democratic controls. He created legions of "enemies", including prominent Blacks, liberals, anybody whom he regarded as a communist.

All were subject to the attentions of his bureau. He died in office in 1972. Since then, his reputation has become more unsavoury with every new document unearthed by researchers. Yet while he was in charge, the Feds were regarded by most Americans as an essentially benevolent force.

In recent years, the image of the FBI has been damaged by a series of scandals, blunders and disasters. Remember the slandering of the guard who spotted the bomb at the Atlanta Olympics, or the cover-up of Watergate.

The present director of the bureau has increased the number of active agents to 11,000. "We are potentially the most dangerous agency in the country if we are not scrutinised carefully," Louis Frech told a Congressional committee last year. Remember, this being the US, its operatives are armed. They are as willing to fire their weapons

as any other pistol-packing cop. Little wonder that it is not only the anti-government Right that is losing faith in the FBI.

You will appreciate why I have the fidgets. The Feds are supposed to be constrained by a written constitution. Too often the checks and balances inherent in the US system have failed to protect US citizens from the excesses of a national police force. The same may be said of state law enforcers everywhere.

That is why the British have traditionally favoured local control over their police. Every town and village once had its own constabulary. The bobbies, on or off the beat, kept the peace. They were not instruments of state power. Over the past three decades this idyllic fragmentation has given way to consolidation into 43 forces, supplemented

by regional crime squads and a national criminal intelligence service.

Now the regional organisations are nationalised under a single command covering England and Wales. This leaves the Royal Ulster Constabulary in Northern Ireland and a Scotland ready to make its own arrangements under its own parliament. I rehearse these details because they are evidence of an elaborate construction of law-made devices designed to keep the national government from misusing the police.

Well then, you might say, there's nothing to worry about. Britain's compact national force will be tethered by administrative means, yet given enough room to tackle leading criminals, as the G-men did with John Dillinger and Bonnie and Clyde. It

will chase after drug wholesalers, illegal arms dealers, paedophile rings, counterfeiters, facilitators of illegal immigration. If Her Majesty's G-men are successful, who can forbear to cheer?

Not us. We would be delighted to see criminal gangs captured and imprisoned. If we are to believe what we are told, organised crime is like any competitive industry, ever seeking means of expanding its operations. The strength of crime-fighters must match that of the perpetrators. Such are the arguments in favour of the new national crime squad.

They will prove sound if the majority of the 1,450 detectives who have been invited aboard are themselves well-behaved. It would be miraculous if there were not a few instances of corruption, brutality or bungling.

Some of that is likely to happen in any organisation whose purpose is to enforce authority. What would be more troublesome would be evidence of wrongdoing on the scale alleged to have occurred at various times in Ulster, the West Midlands and Scotland Yard itself.

There is a further reason to be wary. The arguments that justify the establishment of Britain's new force could as well be applied to arming it. The English police have long resisted the offer of guns but, as with consolidation, it is becoming harder to say no. Some officers are now armed, some of the time. The national squad will come up against particularly vicious armed gangsters. It needs matching armour. Fidgety? You bet.

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Lunch with the FT

From the crack-up to the crowning glory

Ian Holm's Lear was the peak of a long – but not untroubled – career. Annalena McAfee reports

Measurements on the Richter Scale – for social embarrassment were off the dial. The last time I'd seen him, he was naked. Now we were scheduled to meet for a business-like interview over lunch in Kensington. As I walked into Clarke's restaurant – early – for our date, I noticed a lone man sitting at a table. I very nearly didn't recognise Ian Holm with his clothes on.

He soon put me at my ease. In his navy tracksuit, with his avuncular smile, that grim time on the blasted heath, when he railed against Fate in a howling gale without a stitch on, seemed far away.

In Sir Richard Eyre's production for the National Theatre last year, Holm was, according to some critics, the finest King Lear this century. This was no booming Wagnerian grey-hair. Holm's Lear was very much a domestic-scale tyrant, an ageing widower locked in a suffocating, even transgressive, relationship with his daughters. His weakness, his petty cruelty, was part of his intrinsic humanity.

"It was easy to play," Holm said, blithely scanning the menu. This was, on first hearing, an alarming admission from a father of five.

It is hard to imagine this pleasant, open man, setting them against each other, demanding impossible proofs of love, cast out by his daughters.

But Holm, 66, is an old school performer. Not for him the deep submersion of the Method approach. He had no compulsion, Daniel Day-Lewis style, to spend weeks in sub-zero temperatures on Hampstead Heath in preparation for the role. Nor would he try out his bullying at home. It is acting and has little to do with the performer himself. "It's all in the text," he said genially. "The majority of us actors lead very ordinary, mundane lives."

It is an indication of his obliging nature that Holm agreed to have lunch with the FT. "I don't really do lunch. I find two meals a day enough, and I really prefer to eat in the evening." But there we were, in Sally Clarke's cool shrine to Calta cuisine, minutes from Holm's mansion block flat, sharing a bottle of mineral water (festively sparkling, at least).

He opted for a starter – "OK. Let's push the boat out. I'll have the risotto." I followed suit and ordered a

It is hard to imagine this pleasant, open man lashing out at his family

mozzarella, leeks and crisp San Daniele ham, arrived, along with my elegantly understated mound of "crisp pink fir apple potatoes, misuna and parmesan with black truffle dressing".

Lear had been, said Holm, "an amazingly successful venture from start to finish". The much remarked-upon idea to strip off for the mad scene was prompted by Shakespeare rather than any nascent exhibitionism. "It's in the lines – 'Off, off, you lendings! Come: unbutton here'."

On the last night, having carried off his murdered, faithful daughter, Cordelia, and then expired from heartbreak, Holm was running off stage before the curtain call when he heard someone calling his name from the audience. It was Gene Hackman – they'd shared a camel together in a Foreign Legion turkey, *March or Die*. "Jesus," hissed Hackman. "What a fucking workout!"

It was a remarkable performance crowning a remarkable year in which Holm also appeared in five movies, as a 1950s New Jersey restaurateur in *Big Night*, an Irish-American ex-cop in *Night Falls on Manhattan*, an ambulance-chasing lawyer in *The Sweet*



Ian Holm: "I didn't draw breath. I knew the role backwards and it became an obsession"

Hereafter, a sci-fi monk in *The Fifth Element* and as Cameron Diaz's father in *A Life Less Ordinary*.

"It was getting a bit silly, all this back-to-back work," he admitted. But it is his stage work that represents the greatest personal triumph, for after an on-stage crack-up in 1976, stage fright kept him away from the theatre for nearly two decades.

He'd been filming *Jesus of Nazareth* in Tunisia with Franco Zeffirelli. "Ten days filming, 16 weeks on permanent standby for the crucifixion, in the desert. I was looking forward to coming back to London to work with my mates – Bob Hoskins, Norman Rodway, Patrick Stewart."

He was always what actors call "CCM", a good company member, and loved the camaraderie of repertory work. With the RSC, he was a memorable Richard III and was compared with Olivier and Ian McKellen.

The fateful production was Eugene O'Neill's *The Iceman Cometh*. "I didn't draw breath. I knew the role backwards and it became an obsession." Holm walked off stage in the middle of the second preview and lay weeping on his dressing room floor. "I remember looking at David Jones's boots while Norman Rodway stroked my head." His doctor told him frankly, "Well, old son, The Iceman Cometh."

He had been, he said, a classic late developer. The son of a dour Scottish doctor who worked at a psychiatric hospital, Holm was a shy boy, bullied at school. But he demonstrated a talent for acting and went to RADA, despite the disapproval of his parents.

"I was a virgin until I was 24. And then the '60s happened." He had many girlfriends. "It was very seductive. People fell in love with the acting." His emotional instability, and a chemical

imbalance, exacerbated his stage fright, he says.

Fortunately, there was film and television and, if he didn't quite achieve the screen ubiquity of the last two years, he was certainly a frequent fixture – from *Oh! What a Lovely War*, to *Alien*, *Chariots of Fire*, *Dance with a Stranger*, *Dreamchild*, and *The Madness of King George*.

Apart from the subtlety, intelligence and emotional power of his acting, he has a great gift for mimicry and accents which has extended the range of work available to him.

It was in 1984, while filming a British comedy called *Laughterhouse*, about a Norfolk farmer who has to walk his geese to London during a transport strike, that he met the actress Penelope Wilton. "I was the farmer and she was my wife. I think we played it quite serious, as Mr and Mrs Macbeth." Wilton became his third wife and, Holm acknowledges, brought a new and welcome stability to his life. Richard Eyre directed the film, "so I sup-

posed I owe him for that introduction, too".

The waiter hovered discreetly. Did we want anything else? In fact our starters were holding up extremely well perhaps because we were talking so much. "I generally get on better with women," said Holm. "I like them." So it would seem, I say, referring to his track record.

After his breakdown, he had no urge to put himself through the potential

agonies of stage fright, but was once asked what would persuade him to return to the theatre. "I knew that Harold Pinter hadn't written a play for 15 years so I said, 'I guess if Harold wrote a play...'" And Harold did. *Moonlight* opened at the Almeida in 1994 and Holm played a dying civil servant opposite Wilton as his wife. "I was in bed all the time."

The performance won him two best actor awards, and those "wilderness", albeit prolific, years away from the theatre were over. He has won more awards for Lear and seems incapable of disappointing the critics. All except one Guardian journalist, who, after seeing Lear, expressed surprise that Holm had managed to father three children. "All my ex-wives were furious. Doesn't he know what the cold does, and adrenalin? It was very demeaning. Besides, I have five children."

This aspersions aside, he is on a roll now and life is looking very good. Future projects include a British film called *Last of the Blonde Bombshells*, about an all-woman band, in which he appears in drag, and the part of Freud in a film version of Terry Johnson's *Elysia*. He also plans to do another Shakespeare on stage – *Anthony and Cleopatra* – with his wife. And then Lear in New York, perhaps.

"Anything else?" the waiter asks, on cue. Perhaps another glass of water. And the bill.

Now he's off to join his wife at their house in Wiltshire, where they plan to go on an afternoon walk. They're "serious walkers", favouring regular six-hour tramps across the hills. But he assured that if you ever come across Ian Holm in a downpour on a lonely heath, he will be fully clothed and, these days at least, certainly not railing against Fate.

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PERSPECTIVES

Michael Thompson-Noel visits England's most depressed area and finds that the key to prosperity may lie in Brussels rather than London

The Cornish garden gnome industry has no plans, just yet, to produce a gnome named Perkin Warbeck to mark the latest flurry of rebellion in the far-flung county at Britain's south-western tip. But such a gnome could be on its way.

Warbeck, a Flemish impostor, was one of many rebels to stir Cornish passions. Low of birth, he professed to be a claimant to the English throne, and in 1497, at Bodmin, proclaimed himself Richard IV. Accompanied by 6,000 Cornish rebels, Warbeck tried to take Exeter. But the raiders were repulsed. Warbeck was hanged in London by Henry VII. In the latest stirring of protest, a pressure group, Cornish Solidarity, has been formed to counter what its leaders see as the county's relentless downward spiral, epitomised by its relative lack of success in winning bumper grants from the European Union in Brussels to help revive its economy.

The catalyst for the emergence of Cornish Solidarity was the closure - long overdue, some reckon - of the loss-making, non-viable South Crofty tin mine near Redruth. South Crofty was Europe's last working tin mine, employing 275 workers when the closure was first heralded last year.

If Cornish Solidarity represented the stirrings of all-out revolt in Cornwall, a gnome named after Perkin Warbeck would have been in the shops by now. But Solidarity is still a mild-mannered movement, and the Cornish gnome business - excessively secretive and conservative - is hiding its time, reluctant to rush out a collection of revolutionary gnomes for this summer's tourist season in case passions evaporate.

(I can provide no quotes from leaders of the Cornish gnome business. To do so would brand me a Judas. It has taken years to win the confidence of those at the pinnacle of the gnome trade, and I do not wish to jeopardise my access. "It is possible," one of the gnome leaders told me, "that a Perkin Warbeck is being considered. But I cannot confirm or deny it.")

Crew Group, the Canadian owner of South Crofty, has blamed dismal tin prices and foreign competition for the mine's demise.

Yet Cornwall's mining industry has long been doomed, and the end of South Crofty merely buttresses those who say that Cornwall, one of Britain's most beautiful counties, must end its over-dependency on old industries: survive to reap even greater yields from tourism, which accounts for more than half Cornwall's GDP, and hope to generate investment in modern businesses, especially internet and related computer businesses, such as financial services.

The tyranny of distance - Cornwall's eastern border is 200 miles from London, with Land's End an additional 80 miles on - is often cited as one of Cornwall's most intractable problems. But to visit Cornwall at present is to discover that many of its 480,000 people see their main problem as their distance from Brussels.

Cornwall, they say, is not so much part of Britain's Celtic fringe as an isolated region on the EU's periphery. Brussels doesn't understand Cornwall, they say. And that is something they have vowed to remedy.

For example, much of the debate in Cornwall about the county's economy centres on its desire to be upgraded to so-called Objective 1 status for European



The closure of the UK's last tin mine, South Crofty, was the catalyst for the emergence of Cornish Solidarity

George Wignall

Why Cornwall needs the gnomes of Europe

regional development grants, thus boosting the scale of its entitlements. As much as £500m-£600m could be at stake.

Investment is certainly needed. Average earnings are 23 per cent below the UK average, and GDP per capita only 70 per cent of the European average. Yet at present, Cornwall is lumped together with prosperous Devon, its neighbour, for EU statistical purposes, obscuring the urgency of Cornwall's needs.

After a while, contemplation of the intricacies of European regional aid funding becomes exceedingly fatiguing.

Yet the Eurocrats in Brussels, and those who espouse a European economic and political superstate, can take heart from the startling knowledge that Cornwall now looks to Brussels, rather than London, for potential solutions to its troubles.

The founding chairman of Cornish Solidarity is Greg Woods, a Redruth retailer. "Cornish Solidarity was formed at South Crofty when news came through that the tap was being turned off," he told me. "There was a spontaneous demonstration, and now Solidarity is growing by the day. We are not militants. We are ordinary people. Our ranks

include vicars, farmers and pensioners - all united in the belief that Cornwall has been neglected."

Solidarity's most visible protest so far has been a motorised demonstration at the Tamar bridge, on the Cornwall-Devon border, though further action is likely.

'At one time Redruth was one of the richest towns in Britain. Now it is on its knees'

One Solidarity official has said, not all that wisely: "We can shut Cornwall off by closing four main roads if the government does not listen to us."

"Cornwall has five MPs, only one of whom is Labour," says Woods. "But we can't spend all our time blaming London. That is why our principal aim is to secure Objective 1 status for

Cornwall, to put us on an equal footing with areas such as south Wales. What irks us is that south Wales has used part of its European money to poach small companies from Cornwall."

"At one time, Redruth was one of the richest towns in Britain. Now it is on its knees. Closure of South Crofty has had a serious knock-on effect, hitting all sorts of people and a whole network of small businesses."

As well as more Euro-aid, Cornwall wants its own university. In September 1995, the magazine *Cornish World* ran a double-page spread devoted to the vision of a new, £60m Cornish university campus with space for 5,500 full and part-time students and 400 staff, which was due, allegedly, to open in 2001. But after 2½ years' wrangling Cornwall is further than ever from having its own university.

"We want more than lip service paid to our heritage and culture," says Woods. "There are two economies in Cornwall: the coastal economy (mainly tourism), and the inland economy in towns like Redruth. Despite Cornwall's image as a holiday haven, a lot of Cornish people aren't linked in to tourism at all. Cornish industry, such as it is, is going to be lost."

What we want to do is pioneer the next industrial revolution, just as Cornwall pioneered the first one. So many companies in London and elsewhere are paying huge rents, yet their businesses are often telephone-based. They could operate from Cornwall as easily as not.

"Cornwall's cells used to have their own parliament, language, culture, creed. Europe puts a lot of money into culture and heritage, yet we seem to be ignored."

(After leaving Woods, I had a Cornish cream tea in a nearby shop. It was midday, but cream teas start early in Cornwall. That night, I rang the grand vizier of the Cornish gnome trade, who lives at Land's End.

I told him that if Cornwall wished to gain the affections of those who rule Europe, plus heaps of Euro-cash, it should market a range of gnomes to mark the formal launch of European economic and monetary union next January 1: Kohl, Chirac, Santer, de Siquay, and so on. Such personages, I said, would be eminently flattered.

There was a groan on the line, which then went dead. But soon, I reckon, an army of Euro-gnomes will cross the Cornish border, heading for Brussels.)

The curse of the khaki pagoda

Ambitious rebuilding has failed to mask the cruelty of life in Burma's Garden City, says Ted Bardacke

Squatting on the dusty flats where dilapidated housing gives way to paddy fields is Rangoon's newest pagoda. To the untrained eye, Dagon Pagoda looks like a half-size replica of downtown's Sule Pagoda, except, strange for an impressive golden monument anywhere in Burma, no worshippers are gathered around.

Residents of Dagon avoid the pagoda as if it were cursed. Built by the military five years ago when they, in the words of one senior city planner, "coaxed, paid and eventually forced" thousands of downtown residents to relocate out of prime commercial development sites, the pagoda contains sins rather

than exorcises them. He is particularly proud of having removed most of the thatched roofed huts, thus reducing the risk of fires which used to sweep through the city. The eight-storey parking lot covering the city's old Chinese cemetery is another testament to progress.

Kyi Win is refreshingly frank about the city's deficiencies. The 1989 sewerage system still only covers 1.75 square miles of the city. The recent rise in petrol prices, combined with controlled bus fares, has made city bus line operators reluctant to ply their routes. Some development projects seem unable to get off the ground.

Referring to City Square, for which another cemetery was relocated, he says: "I've been to the ground-breaking ceremony three times for that development. It is owned by the Malaysians now. But their economy has slowed down like Thailand."

Where we start to differ is on the hotels. Dozens of luxury hotels have sprouted up and there is simply not enough demand to fill the rooms in structures built to satisfy the egos and needs of Burma's shady jade, opium and construction tycoons.

"We have to admit there are too many hotels. Average occupancy is only 20 per cent or less," Kyi Win says. "But it is not a big problem for the city."

They are a problem, I protest. Managers forced to generate cashflow have turned to discos and prostitution to fill their registers.

Kyi Win nods with a nervous smile. "I know what they are doing," he replies, preparing the ultimate defence of any south-east Asian city planner, "but it is not as bad as Bangkok."

Maybe this is true. At the nightclub of the Hotel December there are girls who will dance for a price and maybe smuggle a bit in the karaoke room, but that is about it. The manager explains that he does not want to

'We have to admit there are too many hotels. Occupancy is only 20%'

pay the *baksheesh* necessary to run something more illicit, so he ensures that there are no extracurricular activities by dropping off the girls directly at their homes each night in a hotel-owned van.

"Not as bad as Bangkok, not as bad as Bangkok," the mantra keeps ringing in my ears as I am caught in a Bangkok-like traffic jam. This one is actually worse because the taxi driver would not turn on the air conditioning - the last petrol shipment was of such low quality that he would run the risk of stalling the engine if he put any added strain on it.

"Not as bad as Bangkok." Sure, not yet, but what did Kyi Win say that makes me hold out little hope. "Some people like the environment and don't like tall buildings. But we're still the Garden City."

contrary to international law," he admitted, adding that "the wrong - I speak openly - that we are committing we will make good as soon as our military goal has been served."

The 1939 treaty failed, of course, in the sense that it failed to deter. The Kaiser mistakenly assumed he could invade Belgium with impunity. But the treaty was, however, honoured, in the sense that it became a *casus belli*. And it still serves, in many ways, as a model.

It provided guarantees which were willingly given, absolutely clear-cut, unprovocative (in the sense that they were not directed against anybody) and which - above all - commanded public support. Britain's attitude in 1914 clearly underlines the importance of this last point.

No democratic government can afford to make treaties involving the risk of all-out war if its own public is divided, and such division is highly probable if the moral case for war is unclear. Planners of future security arrangements would do well to bear these lessons in mind.

Truth of the Matter

No way to treat a treaty

David Wedgewood Benn discusses the conditions needed to make a security agreement stick

We have a passion for treaties. We are about to expand the North Atlantic Treaty Organisation (Nato) to take in much of eastern Europe. And the Treaty of Rome is really about to come into its own with the first phase next month of fixing the euro, at least for those committed to a single currency.

The number of international treaties runs into thousands. Most are uncontentious and unknown to the general public; and many are moribund. Few people today remember that the Nazi-Soviet non-aggression pact, signed on the eve of the second world war, was supposed to last until 1948. Other more recent treaties have simply gone into limbo. It is unclear, for example, whether the Soviet-North Korean friendship treaty of 1961 or the 1972 Soviet-Iraqi friendship treaty are still operative.

Belief in the value of international law has, over the decades, been subject to sharp mood swings. Optimism after 1918 gave way to bitter disillusionment during the 1930s. The allied victory in 1945 was followed by yet another attempt to affirm the sanctity of treaties. When the Nazi war criminals were arraigned at Nuremberg, the indictment included a whole schedule of treaties the Nazi leaders were accused of breaking.

International agreements, according to a view widely prevalent today, are sustained not by law or morality but by national self-interest based on power. Thus, so it is said, is particularly true of security arrangements. Here, the success story usually quoted is that of Nato which held firm for 40 years until the final collapse of its Soviet adversary. Nato's cohesion was, however, a response to a clearly perceived external threat. Now that the

threat has vanished, cohesion may prove more difficult and expansion more difficult still. What then are the preconditions for the long-term survival of a security arrangement in the absence of a clear external threat? There is at least one precedent now almost totally forgotten. It relates to a treaty signed in London almost 150 years ago, on April 19 1839, in the names of the heads of the then Great Powers - Queen Victoria, Louis Philippe, king of the French, the tsar of Russia, the king of Prussia and the emperor of Austria.

At first sight it looks like a mere historical curiosity - a reminder of how the face of Europe has changed. But it did have one momentous result which no one in 1839 could even

have imagined. It was this treaty which, 75 years later, plunged Britain into a world war.

The treaty related to Belgium which had been ruled by the Dutch until 1830 when it had rebelled and won independence. At a time when revolutions were still sweeping Europe, the Belgian upheaval caused considerable alarm among the Great Powers, and also led to British fears that France might try to make Belgium a French sphere of influence.

It was in these circumstances that the five Great Powers (together with the Netherlands) signed the 1839 treaty which demarcated and guaranteed the country's boundaries and stipulated that Belgium would henceforward "form an independent

and perpetually neutral state". Unlike many other treaties, this one never became a dead letter. During the 1870 Franco-Prussian war it passed an important test. Berlin, partly on British prompting, gave a written assurance that it recognised the treaty; and both warring sides did indeed respect Belgian neutrality.

The first world war had many causes; and it can be argued that Britain was bound to be drawn in. But one fact is beyond dispute. The decisive event for Britain was the German invasion of Belgium. Until that moment, the British establishment had been determined to stay neutral in the already imminent European war. (Winston Churchill, then in the cabinet, recalled an

"invincible refusal" by most of his colleagues to contemplate British armed intervention.)

But the violation of Belgian neutrality transformed opinion almost overnight. Anti-war movements rapidly dwindled. Liberals and Conservatives were suddenly united in calling for British intervention. So, too, were the Ulster Protestants and Irish nationalists, who only a few days earlier had been on the brink of civil war over Irish Home Rule.

When Britain declared war on August 4 1914, the invasion of Belgium was the only reason it gave. In a speech to the German parliament, the Reichstag, on the same day, the German chancellor, von Bethmann-Hollweg, effectively conceded Britain's case. "Our invasion of Belgium is

BOOKS

A Gothic tale of bad intentions

Christian Tyler on a vivid account of the legacy of super-selfish reclusive Howard Hughes

It is a bit of a mystery why this story has appeared so late in the day. After all, Howard Hughes died in April 1976, and the principal court dispositions of his fortune were made in the mid-1980s.

No matter. Time makes it easier to reflect on the lessons of a Gothic life and death, one of the authors justly calls it a "shocking American horror story". And their version of the story is worth waiting for.

Hughes inherited his father's Houston tool company when he was only 18, and then never grew up. A tall and talented designer, he was also a devout womaniser, an incompetent businessman and a heretically selfish human being. He died like a sick animal, naked, emaciated, isolated, drug-

dependent and germ-obsessed. A squad of Mormon helpers "protected" him (two were later convicted of drug prescription offences), while his business managers were out having fun with his money.

He often said he wanted everything to go to the Howard Hughes Medical Institute, a philanthropic trust set up to be kind to Howard Hughes. In fact, it was a tax shield for Hughes Aircraft, whose shares it held and which prospered in spite of him.

But where was the will? It was conceivable that HH

never signed one. It was also inconceivable. For in the absence of a will, relatives would get about 30 per cent of the estate, and the tax man the rest. And if there was one lot of people Hughes hated more than blacks, communists and relatives, it was the Inland Revenue Service.

There were plenty of entrepreneurs out there anxious to remedy the deficit. The first will to turn up was handed in to Mormon headquarters at Salt Lake City by a "pudgy country boy" called Melvin Dummer who worked at a Nevada gas sta-

tion. It was grossly misspelled, and among the various good causes listed was the name of the bearer himself.

THE MONEY: THE BATTLE FOR HOWARD HUGHES'S BILLIONS
by James R. Phelan and Lewis Chester
Orion Business Books £20, 270 pages

But it still took a court hearing and \$3m in lawyers' fees to get rid of him. Another, more sophisticated, and with two living

witnesses names on it, was produced by Martha Jo Graves. She said she found it in a blue security box in a lawyer's office in Los Angeles when she dialled "000" on the combination lock. This document left 80 per cent of the money to the medical institute and 20 per cent to the Acme Mining Company, a shell company of which Graves happened to be the leading shareholder. She ended up in jail.

The job of resisting these and other claimants - they included unknown wives and forgotten children - fell to Will Lummis, a cousin of

Hughes and a Houston lawyer. Lummis is really the hero of this book. Not only did he prevent the *bona fide* relatives scrapping among themselves, he ran the business far better than Hughes ever did.

As administrator of the Summa Corporation, Lummis showed enormous stamina during the costly searches, probate hearings and tax wrangles in three different states. He faced down the Summa executives who were desperate to save their fancy lifestyle and to get control of the big prize: the medical institute. He res-

cued the ramshackle corporation, cut a deal with the tax man, and finally sold off the Las Vegas casinos, the main assets, to the lasting benefit of himself and the other relatives. They ended up with more than \$500m between them.

Meanwhile, the medical institute was put on the straight and narrow. Transformed into a genuine charity of international scope, it became an \$80m foundation, the richest in the world.

Phelan and Chester, both investigative reporters, make excellent storytellers. They have stuck to the main

lines of a complicated narrative, explained and simplified it, and picked out the juiciest characters and quirkiest quotations.

And the moral? Take your pick. You could say money doesn't buy happiness. Or that the lawyers always win. Or that the US courts are a jungle. Best of all is to read the story as a parable on the gross sin of selfishness. For, by refusing to let go his earthly goods, Hughes succeeded in bequeathing \$60m to the very people he liked least in the world.

Charles M. Oberly III, attorney general of Delaware, observed: "Howard Hughes, whatever he may have been, has left something of value to all American people. But I just don't think that was ever his intention."

A life examined under the biologist's microscope

Jackie Wullschlager is disappointed at the critical reticence shown by the editors of Moore's artful letters

At 81, Marianne Moore revised her famous poem "Poetry" to just three lines: "I, too, dislike it/Reading it, however, with a perfect contempt for it, one discovers/in it, after all, a place for the genuine."

She is a curious, contradictory personality. A biologist deeply suspicious of literature, she became a poetic icon in America.

THE SELECTED LETTERS OF MARIANNE MOORE
edited by Bonnie Costello, Celeste Goodridge and Cristanne Miller
Faber £30, 397 pages

An innovative modernist on the page, she spent a lifetime shutting out the ravens of the modern sensibility. A refined east coast spinster, she loved baseball and boxing, dined with Cassius Clay and was employed by Ford to name its latest car. Hart Crane called Moore "so prosaic that the extremity of her detachment touches... a kind of inspiration".

Her letters read like her poems: urbane, conversational; the same poised combination of control and spontaneity; abstract ideas artfully suggested in images of animals.

Moore is difficult but rewarding. "You will never sell more than 500 copies," Ezra Pound tells her, "as your work demands mental attention." Moore's bedrock was family: her genteel mother, with whom she lived until her 60s, and her brother Warner. Her father had a nervous breakdown before her birth

in 1887, and she never met him. Mother, brother and sister exchanged letters many times a week when apart, writing in cosy, exclusive code - Marianne is Rat, Mrs Moore, Mole and Warner a range of creatures: Badger, Weez, Mongolian Gazelle.

The family is subsumed by her hopes and successes, and when in 1933 she wins the Poetry Magazine award that brings public recognition, such is her restraint that it is Warner who articulates the excitement: "The 'Poetry' award affects me to the very soul... the best of it is the reliving of the moments in my den in 280 [Cumberland St, Brooklyn] when we gathered to read Rat's poems and listened to Mole read them while I gazed at the steeple with its star slightly tilted away & watched pigeons circle the spire."

Thus a precise, delicate picture builds: the poet in her intimate setting. This backcloth gave Moore the confidence to be a free spirit. The letters confirm what the poems hint at: a gentle rejection of an increasingly ungenteel world. Absorbed in the technical virtuosity of her art, Moore remained unmoved by the social and moral chaos of the 1920s and 1930s, yet it did not pass her by: "I said I didn't care for Mr Cummings' idea of life & especially of marriage - and for that matter, for other people's idea of it."

The mix - lofty yet populist - which made her an American public pet, is audible early on. At 23, she is endeavouring to be a Henry James heroine, "beautiful and sagacious", a young woman at ease with her own precision: "I don't know where I should like to live unless in a



nautilus shell" - and every now and then letting go - "I hear Yale has been losing at football - my sympathy, Your inseparable wait-toed, Poisonous".

Studying biology at Bryn Mawr, she developed the habits of acute observation and analysis that marked animal poems like "The Pangolin" and "The Jerboa", with its "three-cornered smooth-working Chippen-dale/claw". For 80 years, natural history museums were her haunt

and inspiration: "What wouldn't I give if you had all been with me today at the Museum. In the Nature Room, there are live white rats, a kangaroo-rat, a flying squirrel... The kangaroo-rat has the softest fur I ever felt and

I wish you could have seen it fill its cheeks with bird-seed..." In the letters, cities, churches, people are seen in terms of animals - St Paul's is "so gaudy and the congregation kept swishing about, in and out like swallows

in a barn", at Oxford, "the boating seems tame; it is on the order of creeping on the water or nosing like fish". In 1921, a Bryn Mawr colleague, Hilda Doolittle, had Moore's poems printed, without her knowledge, by the radical *Egoist* Press, thus bringing her within the orbit of Ezra Pound and T.S. Eliot.

A few years later, Moore became editor of *The Dial*, the finest literary magazine in the US, and stood at the heart of American modernism. But her exchanges with the famous often disappointed, for Moore's reserve never quite breaks down outside her family. "Anyone who has had assistance from yourself... and T.S. Eliot, and is inclined to pine, should be exposed to die," she writes to Pound, but "the pestilence of illness and private obligation don't invade some lives".

Fragile herself, she nursed her mother alone in their secluded Brooklyn apartment, shunning distraction and wrote with fortitude that "it is hard work trying to keep from being disappointed in people". Doubt about the value of her work courses through these pages.

She aged with grace and a zest for life, surrounded by friends, underscored by old-fashioned resignation: "Love is all that can help," she writes to Elizabeth Bishop after an accident, "but human love being what it is, I think Heaven cannot but be aware of and pity such sorrow."

As a mentor to many young poets, she was vivid and generous; a high point is the correspondence with Bishop, who waited four years before Moore invited her to use her Christian name. Bishop took from Moore her rich concrete imagery and the ability to imbue it with deft moral implication, but she belonged to the new generation, and Moore censored her for indecencies such as referring to a water closet. "What strange people these are. Always in a flutter for fear bowels will be mentioned," wrote Hart Crane of Moore, nicknaming her "the Rt Rev Miss Mountjoy".

Fastidiousness runs through this selection - Moore is mortified that "not having expected to speak to Mr Yeats... I had on my house dress which has on the light blue trimming the ineradicable vestiges of a cod-liver oil spot" - and charms and suffocates by turns. I wish the editors, whose scholarship is impeccable, had been less high-minded about what we should already know, and more explanatory about the roots of Moore's prudish flutters, about that missing dimension - rawness, sexuality, gossip - in her life which stands out in her letters, and makes her work unique in our century.

Reticence is in her spirit: critical expansiveness would have helped us understand her better.

In the preface to this excellent book, Bruce Hoffman admits that, after studying terrorists and terrorism for more than two decades, he is "still always struck by how disturbingly 'normal' most terrorists seem" when you meet them.

And when you actually sit down, he writes in his first paragraph, and talk to these militants and persuade them to discuss their violent actions, many are not "the wild-eyed fanatics or crazed killers" you would expect, but "highly articulate and extremely thoughtful individuals for whom terrorism is [or was] an entirely rational choice, often reluctantly embraced and then only after a considerable reflection and debate".

For Hoffman, an American academic at St Andrew's in Scotland and director of the university's Centre for the Study of Terrorism and Political Violence, "it is precisely this paradox, whereby otherwise apparently 'normal' persons have deliberately chosen a path of bloodshed and destruction", that has long bewildered, fascinated and indeed prompted him to write this book.

The author also lets us know from the start that the main aim of *Inside Terrorism* is not so much to offer the reader some ground-breaking theoretical explanation of terrorism, nor yet another conceptual reinterpretation

The accidental, wild terrorists

There is something chilling about killers who appear normal, as George Kassimeris discovers

of the subject, as to explain via past and present trends why terrorists "do what they do", and even more crucially, to "shed light on likely future patterns and potentialities".

Dealing only briefly with the difficulties inherent in defining and operationalising the concept and the terrorist/freedom fighter debate that divided the United Nations in the 1970s, Hoffman takes the view that since we cannot agree on a single, consensus definition of terrorism, "we can at least usefully distinguish it from other types of violence and identify the characteristics that make terrorism the distinct phenomenon of political violence that it is".

Writing with a wonderful clarity, Hoffman does exactly that. Moreover, the author is determined to make sure his readers are made aware that terrorism was, and is, and will continue to be a technique used by rogue states and aggrieved groups which cannot see, or refuse to see, any other way of

influencing political developments.

There is, of course, much more to it than that. But Hoffman's chief concern here is to make us see that the "face of terrorism" is changing. This is because, he says rather alarmingly,

INSIDE TERRORISM
by Bruce Hoffman
Victor Gollancz £17.99, 288 pages

"new adversaries, new motivations and new rationales have surfaced in recent years to challenge many of our most fundamental assumptions" about terrorists and the violence they commit.

In the past, we are told, terrorist factions were easier to identify. Groups issued communiques taking credit for and explaining their actions, their political agendas and their tactics comprehensible.

Now, things are different. In a masterly final chapter

entitled "Terrorism Today and Tomorrow", Hoffman writes that familiar radical left-wing organisations such as the German Red Army Faction and the Italian Red Brigades and traditional ethno-nationalist movements like the Armenian Asala and the Palestinian Liberation Front, which dominated the terrorist scene from the mid-1960s to the early 1990s, have been replaced by "amateur", freelance mysterious groups with less coherent, if not totally incomprehensible ideological, nationalist or other motivations.

The author goes on to show that the emergence of "obscure, idiosyncratic millenarian movements" (such as the Japanese Aum Shinri Kyo religious sect, which carried out the March 1995 nerve-gas attack on the Tokyo underground, the numerous messianic cults in the US and Israel, and the Christian white supremacist militias implicated in the Oklahoma City bombing), together with "zealously nationalist religious groups"

(such as the Islamic fanatics who carried out the 1993 New York World Trade Center bombing and the Iran-influenced Lebanese Hezbollah), "represents a very different and potentially far more lethal threat than the familiar, traditional terrorist groups" of the past.

This new form of terrorism is also a more "amorphous and unpredictable one" and, therefore, all the more difficult for intelligence agencies to track and anticipate. Hoffman is right when he says the most immediate challenge in countering these new adversaries is the problem of identifying them.

Does all this mean that a new and more destructive era of international terrorism is upon us, and that a precedent has been set for many more such attacks to occur?

Hoffman points to the fact that today critical information on the means and methods of terrorism (from letter bomb-making manuals to detailed operational guides to chemical and biological weapons manufacture) can be easily obtained from mail-order publishers, on CD-Rom, even on the Internet.

In a world where terrorism "has become accessible to anyone with a grievance, an agenda, a purpose or any idiosyncratic combination of the above", Hoffman's conclusion is that, yes, there is a strong possibility.

about a Boy is a flawed novel, and given that Nick Hornby's previous two books were total successes, it may run into a critical backlash. However, it deserves much better.

Hornby still writes the smoothest prose in Britain and has created two characters - both derived from the author himself - who work perfectly together.

Marcus, unhappy 12-year-old son of a single mother, is reminiscent of the child Hornby of the football memoir *Fever Pitch*, who found Arsenal after his parents were divorced.

Will Freeman has aspects of the adult Hornby. He likes music, women and football, but, unlike the main characters in *Fever Pitch* and *High Fidelity*, he suffers no angst. Will never works, because he lives off the royalties of a Christmas song his father wrote in 1938. His main emotional experiences come from taking soft drugs (this is common among recent British literary characters).

He poses as a single father and joins Spat, a single parents' group, because he wants to meet sexy single mothers. He meets Fiona, Marcus's mother. However, her sexual appeal at that point is limited by the fact

Young and silly

that she is lying on the sofa vomiting after a suicide attempt. Will takes a dislike to Fiona, but slowly and painfully, he and Marcus become friends.

Both are slightly implausible characters. No one is quite as shallow as Will (surely?). But they fit together beautifully. Impatient adult lumbered with

suffering child: Hornby the film nut has taken his main plot device from the cinema.

Will and Marcus discuss their prospective girlfriends. Will gives Marcus money for arcade games. Will, who has the emotional age of a teenager, advises Marcus on which trainers to wear in order to avoid being bullied at school. Marcus tells Will about life. Will makes jokes, which Marcus does not get.

Will: "Nobody would notice a 12-year-old boy with a moustache, would they?" Marcus: "You're joking. Everyone would notice. I'd be the only one in the whole school." As in *High Fidelity*, the pace is perfect most of the way through. Hornby cares

about plot and he can write dialogue. And he makes a new departure, exploring the mind of a child.

The problem with *About a Boy* is that Hornby is a journalist and commentator as much as a novelist. He is bursting with theories about life, and, in this novel, he puts them into the mouths of a 12-year-old child and the world's shallowest man. It is sometimes hard to suspend disbelief.

The women, as always with Hornby, never quite come alive. Rachel, with whom Will falls in love, is a beautiful, intelligent and sensitive single mother. Fiona is a depressive. And as in *High Fidelity*, everyone ends up living happily ever after.

Yet the laughs and the *joie de vivre* and the understanding of what it is to be a miserable child make up for the flaws. This is a worthy new Hornby.

Simon Kuper

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All change? 'Foreign imports' are finding their way in the new Africa as the momentum for change builds: assembly at an English-style private school in Johannesburg

Case for an African renaissance

Can there be real hope for the continent's future, given the turmoil, wonders Victor Mallet

First we had "Asian values". East Asians, we were told by Asian rulers, owed their economic success to a culture of hard work and respect for the community that contrasted sharply with destructive western individualism. We have heard much less of this since the crisis of Asian crony capitalism began in 1997.

Now we have something that looks suspiciously like "African values". Africans, we are told by Karl Maier, have had their culture undermined for hundreds of years by foreign imports: Christianity, Marxism, the artificial borders of the modern nation state, and the International Monetary Fund, with its draconian economic reform programmes.

Critics might condemn this approach as "cultural relativism"; they would argue that communal values and extended families are not peculiar to Africa or Asia but typical of pre-industrial, rural societies. But Maier is not merely contending that it would be wonderful if Africans once again embraced their homegrown culture. He is saying that they are already doing so.

The genius of Nelson Mandela, the South African president jailed for three decades during the fight against apartheid, is "his ability to

bring African values to bear on the problems of the late 20th century - values such as the pre-eminence of the interests of the community over those of the individual, respect for traditional culture, and at times an unbelievable capacity for forgiveness".

Millions of ordinary Africans, Maier writes, are looking for a new path. Disgusted by their corrupt and incompetent governments, "they have sought solace in their own cultures, their clans and their families".

Like President Bill Clinton on his recent African tour, and like Thabo Mbeki, Mandela's chosen successor, Maier sees signs of an "African renaissance" manifesting itself in better government and more economic growth.

"The momentum for change is building," he writes. New leaders, from Yoweri Museveni in Uganda to Mandela in South Africa, "are laying the groundwork for the emergence of an era of good government and prosperity stretching from Eritrea in the north-east down through Central Africa and linking up with South Africa".

Maier, a journalist in love with Africa, has criss-crossed the continent to prove his point. A master of eyewitness description and of the telling interview, he has unearthed Africa's hidden heroes

and heroines: the Zimbabwean government agricultural official who became a famous sculptor; the Nigerian computer software developer; the Mozambican spirit medium who protected a village from a brutal guerrilla war; and the South African woman doctor who was chosen as a Zulu chief

INTO THE HOUSE OF THE ANCESTORS: INSIDE THE NEW AFRICA
By Karl Maier
John Wiley & Sons, Inc 1998 \$24.95, 278 pages

AFRICA: A BIOGRAPHY OF THE CONTINENT
By John Reader
Hamish Hamilton £30, 840 pages

and made peace in a district torn by violent political conflict.

Everywhere he goes, he meets Africans who try to make a difference in the face of almost impossible odds - the teachers, health workers, and opposition politicians who have resisted the urge to emigrate and want to rebuild their countries from the ruins of war, disease and 30 years of post-colonial corruption and despoliation.

John Reader, a writer, photographer and anthropologist, has writ-

ten a very different and rather curious book. Part prehistory, part climatology and part modern history, it is academic rather than personal, and boasts a 43-page bibliography. But he, too, loves Africa and feels the continent has been abused. He, too, hints at an alternative African world view and holds out Mandela's rise to power as a sign of hope.

"Nelson Mandela and the shift in political power that he represents affirm the value of integrity and ideals in an era when economic pragmatism is the dominant theme of world affairs," says Reader. "He and South Africa offer hope for all of humanity - yes, hope for a continent that for too long has seemed to generate nothing but despair."

It seems as if he wanted to end the book with that sentence. But Reader is an author of intellectual integrity - he likes nothing better than to debunk romantic myths about the Boers, the Zulus, the slave trade and (in his chapter "Marie Africa") the supposed idyll of pre-colonial African society.

He and obviously felt uncomfortable about finishing on such an optimistic note. Instead, he concludes with an ambiguous comment about the Rwandan genocide. Maier has a similar problem. His compelling descriptions of human suffering, institutional collapse and

infrastructural decay from Sierra Leone to Mozambique - and the grim data he amasses about Africa's continuing decline - easily overwhelm his optimistic assertions about the continent's future.

This is a place where children as young as five are conscripted into guerrilla armies and drugged before going into battle; where AIDS is so rampant that it is estimated a third of all Zimbabwean children will be orphans by 2010; and where universities do not have enough chalk for their blackboards, let alone computers.

"We are trying to maintain the standards under difficult circumstances, in spite of the government, in spite of society," declares a Nigerian university professor.

Perhaps Maier is guilty of the journalist's crime of spending more time in trouble spots such as Rwanda and Angola than in duller, more successful countries such as Botswana and Namibia. Perhaps that is why his interviewees come across as islands of brave sanity in an ocean of chaos and violence.

It would be churlish not to join Maier, Reader, Mbeki and Clinton in hoping for an African renaissance in the years ahead. But most readers will want more persuasive evidence before they can say with any confidence that the renaissance has already begun.

Fiction / Richard Skinner

Grim lives tangled in the city

Russell Celyn Jones's novel, *The Eros Hunter*, is a bold, ultra-precise murder mystery whose narrative doubles as an excursion into the outer and lower reaches of an uneasy London. Set among old commercial roads, river walls and estates, as well as newer boutiques, wharves and yacht clubs, contemporary London is a *noirish* mosaic, where new ways of living meet the ill-judged opinions of the old world.

It is an expertly dissected vision, whose verbal clutter is slowed, cooled and made into a fluid quest.

Gerald Harper, a successful therapist, is found dead in the bosun's chair of his yacht. His genitals have been cut off and stuffed into his mouth. DI Bob Clyne, a divorced father of two, is put on to the case. This kickstarts a plot which appears to have a fairly standard whodunit format, but it soon becomes clear the book is built like a prism, with many shiny sides, some hidden, some open to scrutiny, and which shows a great deal of refraction of the truth.

Clyne meets Harper's daughter, Alice, with whom he has an affair. Compromised professionally, his fears as a father and individual slowly bleed through to reveal a man whose psychological base is in question as much as any of his suspects. His role as parent is put under heavy scrutiny in an age when the axes of the parent/child relationship have been redrawn. "Every day I wonder, How does it look to others when I'm emerging from the woods hand in hand with my son," Clyne says.

Jones's prose style is leonine, yet smooth. It has a chiasmic tangle. Beaten in are themes of "minus knowledge" used to gain "power and control", bloodletting and the muscularity of death, which smells like "almonds sautéed in body odour". Not least, the novel handles its London specificity very well, transforming off-kilter landscapes into the exotic and hyper real.

Rupert Thomson's *Soft* is equally adroit about its Londonness, and its language equally rich and barbed.

This is a book about the brightness of colour, about heightened awareness - where the winter wind smells like "knives", vodka wraps your brain in "silver" and where the pages of boll-

day brochures are as "slippery as fish".

Kwenchi is a new orange-coloured soft drink which young Jimmy Lyle is employed to advertise. Through a series of events - a conversation overheard on the London underground, a present of some weird jelly babies - Jimmy hits on the idea of subliminal suggestion. His boss, the shady Connor, likes the idea, elbows Jimmy out of the picture and sets up a polysomnography research programme to indoctrinate his volunteer victims.

One of those victims is Glade, a dreamy 23-year-old waitress who is more than happy to be paid to sleep. When she is released from the clinic, though, she starts seeing orange everywhere.

THE EROS HUNTER
By Russell Celyn Jones
Abacus £9.99, 247 pages

SOFT
By Rupert Thomson
Bloomsbury £12.99, 312 pages

She collects orange things in boxes and dyes her hair orange. She turns sicker and madder before our eyes, and when a journalist makes allegations of impropriety against Jimmy's company on her behalf, the Kwenchi campaign goes into full-on.

Hired to "take care" of Glade is Barker, a washed-up fortysomething bouncer newly arrived in London. The city we see through his eyes is unbearably grim, but we experience it through images that are hypnotic and only just this side of reality. We sense his rootlessness and resignation as he moves around the city, trying to eke out a living. Neon signs, remote control buttons and slogans all leap off the page and act as interstices of the hopelessness. His is an impressive, downbeat portrayal.

Perhaps most impressive is the novel's chronology. It is with Barker that we start, then we move on to Glade and her problematic relationship with a lawyer living in Miami, finally on to Jimmy and his affair with a "synthetic" swimmer.

If it sounds tortuous, it isn't - the points of view move smoothly and boldly, with several mini-flashbacks supplying background information. And the prose style - hallucinatory, sensual and gripping, is a dream.

Andrew Davies

Everything and the curtain lecture

An irresistible title to a charming, well-written but ultimately frustrating book. Subtitled "fascinating facts of daily life in the 19th century", it is designed as a companion to the reader of 19th century novels, throwing light on all those knotty little questions we longed to know the answer to, but never dared to ask.

Did you know that a "curtain lecture" was an admonishing lecture that a wife gave her husband when they went to bed? That India Ink was imported from China or Japan, not India, and came in sticks? (Not actually sure I wanted to know that one.) Or that you could make a "morn'g call" on a lady any time up till 5pm? (Which sorts out some apparent time-puzzles in Jane Austen novels.)

The trouble is that too many of Pool's fascinating facts incline one to suspect that he majored in

what Basil Fawcett called the Bleeding Obvious. When would you shout "Tally Ho!" at a fox-hunt, for example? I guess that most of you would say "when you see the fox". And, do you know, you would be correct.

At the other extreme, on occasion one suspects he might be a bit of a sucker for a tall story, or indeed trying to sucker us. "On horseback, ladies rode side-saddle, alternating sides each day so as not to risk any overly developed buttock on one side." (It's a beautiful thought - but do we believe it? I should have thought it was hard enough to ride side-saddle on your best buttock, as it were, without having to swap round every other day. I think it's a Rural Myth - maybe some-

thing someone once said about Lady So-and-so for a joke. Pool gives no evidence for his claim.

In between these extremes, though, Pool gives us a great deal of information, sensibly organised and succinctly expressed. I never knew that the "plums" in plum puddings were actually raisins, did you? (Well, maybe they're not - ever since I started worrying about that side-saddle business, I've been tortured by the suspicion that every so often, Pool just makes some daft thing up for the hell of it.)

The book is divided into two sections: the first half is a series of brief essays on such subjects as Currency, Precedence, The Army, the Church, Bankruptcy, Sex, and so on; and the second

half is a useful glossary of words and phrases that need explanation because they're no longer current, or now mean something else. (Or, they are specific to

WHAT JANE AUSTEN ATE AND CHARLES DICKENS KNEW
by Daniel Pool
Robinson £9.99, 396 pages

Britain in the 19th century, and thus need explaining to American readers. Pool is an American and this book was originally written for an American readership.)

All the same, though - did you know that a dog-cart was so named because it was built to carry gun-dogs as well as shoo-

tin' men? The dogs rode in special little compartments, apparently. ... Hang on, hang on. Is this another of his try-ones? Special little compartments for gun-dogs? Surely the dogs would trot along behind, or just jump up and find their own places on the cart, pantin' and waggin' and leasin' heavily on the shootin' men? I suppose some extraordinarily finicky shootin' man might object to all this muddy familiarity, and come up with some sort of period equivalent of the wire grille in the Volvo Estate? ... no, it's no good. I don't believe it.

I rather enjoy these flights of Poolish fancy, if that is what they are - but sometimes he doesn't try hard enough, and that's irritating. For example, he tells us all about pounds, shillings and pence - but he doesn't tell us how rich or poor these literary characters were in our terms, or even in relation to each other.

Rawdon Crawley and Elizabeth Bennet are contemporaries, but Rawdon can win or lose £100 in a night's play, while Lizzie looks forward to a marriage portion of a £100 a year. And what would £100 in 1820, say, be worth now?

He tells us that Vauxhall Gardens was "a cheerful 11-acre pleasure garden across the Thames from London that flourished until the mid-1800s". This is less than we can glean from even a casual reading of *Vanity Fair*, and many readers would like to

know rather more than Thackeray tells us. We know from the novel that it's a place where the classes mingled freely, and that the walks afforded opportunities for unsupervised canoeing.

As I'm adapting *Vanity Fair* for TV and have access to the excellent Jenny Uglow, our consultant, I also know that the gardens were a notorious haunt of prostitutes, and what the arrangements were for ladies to relieve themselves. Informal and alfresco, if you want to know, but in a designated area.

Pool has given us a compact little volume that would be invaluable for Marxists and I suppose Americans, since it's sold so well there, but isn't really geared to the educated English reader. Sorry to sound so snobbish, but it can't be helped. I like the hits he made up the best.

Andrew Davies

Express yourself, don't repress it

This great work by Darwin gets to the heart of emotion, writes Galen Strawson

This is the third and previously unpublished edition of Charles Darwin's great work *The Expression of the Emotions in Man and Animals* (1872). It can be considered definitive, as Paul Ekman says, for it contains all the changes that Darwin wanted but which his son Francis did not manage to include in the second edition of 1889.

Darwin wrote it to back up

his view that human beings (like all other animals) are the product of evolution by natural selection, and began work on it two days after sending off the final page proofs of *The Descent of Man* (1871). He finished four

months later. Darwin argues - correctly - that many of the ways in which we display emotions are not only innate and universal in our species (as opposed to being culturally determined and variable from one society to another), but also related to expressions of emotion in non-human primates and other animals.

With characteristic originality, he goes beyond the how/what/when questions routine in his time and today ("What" expressions characterise emotion? X? "How" are they produced? "When" do they occur?) and asks "Why"? Why do emotions have the particular (non-verbal) expression they do? Can they, for example, be explained by reference to

the sort of behaviour that is useful in circumstances which arouse them?

He answers, correctly, that some of them can, although the connection is often indirect. Concentrating mainly on facial expression, he lays the foundations for future research on the expression of emotion - the physiology and body-language of sadness and anger, obstinacy and determination, enjoyment and fear.

He records the tickling of orang-utans and the insulating of baboons, the moods of the chimpanzee. He inquires into his dog's "hot-house face" (an expression of bottomless dependency caused by the realisation that Darwin is only visiting his experimental plants, not

going for a walk). He studies his children's smiles, their attempts at deception, their crying-fits (noting the squarish outline of the mouth, the lower corners turned down by the contraction of the depressor muscles).

THE EXPRESSION OF THE EMOTIONS IN MAN AND ANIMALS
edited by Paul Ekman
HarperCollins £16.99, 473 pages

Ekman is the inheritor of this particular fold of Darwin's vast mantle. He embarked on his own study of the expression of emotion 40 years ago, as a clinical psychologist who (exotically) combined a psychoanalytical orientation with a strictly

behaviourist approach to research. At that time, Darwin's views on the matter were almost entirely forgotten or rejected, and Ekman thought they were probably wrong. The serene orthodoxy was that nothing is innate - that "human nature is almost unbelievably malleable", in Margaret Mead's words.

Ekman put the orthodoxy to strict scientific test. He found it to be false, published his evidence, was rubbished by Mead, and prevailed by the mid-1970s most scientists accepted that he and others had vindicated Darwin. Supporting evidence continues to accumulate, to the irritation and disbelief of cultural relativists, who have started to use the word

"humanist" as a term of abuse. (The humanist's crime is to believe that there is such a thing as human nature.)

This is an excellent edition of Darwin's book, with dense paragraphs of commentary set into the main text, most of which summarise current scientific opinion about the matters Darwin is discussing. Others add historical notes: the first breaks agreeably into Darwin's praise of Sir Charles Bell's *Anatomy and Philosophy of Expression* to point out that Darwin wrote his own book specifically to counter Bell's claim that God designed some of our facial muscles purely for the purpose of expressing emotion.

In a sense, this edition is

an act of homage, but a new edition was needed in any case, and there is nothing hagiographical or over-generous about the commentaries. Many are concerned with points of detail that Darwin got wrong. His knowledge of the muscles of the face was imperfect, and he wrongly stressed the idea that Lamarckian "inheritance of acquired characteristics" might also play a part in the evolutionary process (having been misled by Fleming Jenkin and the future Lord Kelvin).

But he could sense the truth. The genius of his feeling for his subject led him to the right general conclusions, in spite of gaps and errors in his data. In *The Expression of the Emotions in Man and Animals*, he taught biology how to think about the blush and the "eye-muscle smile", the shining eye and the "grief eyebrow", and his theory of evolution deepened in beauty.

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ARTS

Great theatre, but music is the secret

Andrew Clark meets Mark Lamos, a literary musical maestro



Mark Lamos: 'Opera and theatre still aren't a real part of US culture - they're borrowed, they're imported'

John Nixson

There was a pleasing symmetry to Mark Lamos's tenure as artistic director of the Hartford Stage Company in Connecticut. It began in 1980 with Shakespeare's *Cymbeline* and ended this season with an equally successful, though very different, production of the same play. A year before his Hartford debut, Lamos staged the world premiere of John Harbison's opera *A Winter's Tale* in San Francisco. A year after leaving Hartford, he will direct the world premiere of Harbison's *The Great Gatsby* at the Metropolitan Opera in New York.

Given the rigid demarcation between spoken theatre and opera in the US, Lamos is exceptional, switching between the two with the ease of someone who hears the music in theatre and vice versa.

But that's to be expected: Lamos studied music at Northwestern University in his home state, Illinois, before switching to drama. And it's only natural that someone with his theatrical pedigree should approach the standard repertoire with a clear focus on the text. Lamos, 51, will have none of what he calls the "decorations" of the opera world - the performance traditions which have developed to suit singers' convenience.

This does not mean he approaches opera as an extension of literary drama. Anyone who has seen his Mozart and Puccini productions at Glimmerglass, in upstate New York, these past few summers will know they are fresh-faced, fine-tuned and musical. That is why there are such high expectations for his staging of *Paul Bunyan* at New York City Opera next Thursday. Here is a little known but highly literary piece of musical theatre, in which the American dream is rhapsodised by Auden and Britten.

Lamos sees *Bunyan* as a fantasy on the part of two young British intellectuals, of a kind of freedom that seemed to them uniquely American. The way they experiment with the forms of ballad opera looks boring on the page, but turns out to be very moving. It has all sorts of little vaudevilles, and you sense a nostalgia for something they themselves hadn't experienced. When we came to do it, we didn't sit down and decide what the piece was going to mean. We approached it as if it were a dream, a foreign one, because it was another culture's way of viewing our culture.

Later this year, Lamos will make an overdue UK debut directing Kurt Weill's *Der Silbersee* (Silver Lake) for Broomhill Opera. The introduction came through Jona-

than Miller and Simon Callow, both Broomhill alumni, who got to know Lamos's work when they were directing at Glimmerglass. Lamos will be back there this summer to stage *Tosca*, the latest step in his love-affair with Puccini. It began two years ago with *La bohème* in San Francisco and took wing last summer with *Madama*

Butterfly at Glimmerglass. Lamos struggles to rationalise Puccini's appeal. "I think it's because I really cannot be cynical about these pieces - I fall into them, I don't find them sentimental. *Bohème* is about street people and artists who are being crushed by society. *Mimi* is ill with that year's social disease - it's amaz-

ingly powerful stuff." So, presumably, he doesn't see *Tosca* as "a shabby little shocker"? "No! It's about the intersection between religion, art, sex and politics. Well, so is *Henry VI*, so is *Iphigenia*. The pressures that are brought to bear on *Tosca* and *Cavaleria* are extraordinary. They're intelligent, vibrant people - she's

a singer, be a painter - and they're crushed by a policeman who has sexual urges based on his theatrical images of her."

Lamos wants his production to evoke some of the atmosphere of *Romeo and Juliet*, the Rossellini film about the end of the occupation. "We're looking for aspects of film noir, and a

very political feeling, set in those glorious ruins. The film noir element stems from the way Scarpa projects Tosca's sexuality as something beyond who she really is. The whole of Act 3 seems to be an investigation of her power as an actress and what her art does to her - either it crushes her or she can use it. *Tosca* is a tough place, but like all Puccini's works, it's rooted in theatrical realism. I find the tension between that realism and the artificiality of opera tremendously satisfying."

Despite Lamos's theatrical leanings, the Balasco play did not feature much in his preparation for *Butterfly*, and he has no intention of boning up on Sardou for *Tosca*. "The older I get, the less I check the background stuff. I think you've got to treat the opera exactly for what it is. I may read Sardou's play afterwards for amusement, but these composer-geniuses pulled together exactly what they needed to make a musical passage through it. For all my talk about social themes, sex, violence and so on, the music counts more than anything. I'll spend a lot of time just listening to it before I study the libretto."

Despite saying goodbye to Hartford, Lamos wants to carry on alternating his opera and theatre work. He says his American opera friends think he has dropped off the end of the world when he switches to theatre, and the same goes for these colleagues when he turns to opera. What the two worlds have in common, he argues, is their inherent conservatism. He cannot understand why people with a Jackson Pollock or a Mark Rothko on their drawing room wall expect everyone in *The Importance of Being Earnest* to flounce around in period costume.

"It ghettoises the experience. Opera and theatre still aren't a real part of US culture - they're borrowed, they're imported. As *You Like It* is a new play, *Rigoletto* is an opera that 80 per cent of the audience haven't seen before. It's that odd thing of people coming to cultural artefacts for the first time, and the purveyors - the venues - saying: 'Well, we've got to show them what it really is before we start interpreting it'."

"That promulgates its own conservatism. That's why, when I go somewhere like the San Francisco Opera, I'm perceived as some mad radical, just because I want *Gilda* to make her entry two bars later than normal. It's like they're already firing off memos to the Verdi Institute."

Paul Bunyan at New York City Opera: April 9, 14, 18, 22, 25 (212-496 0600).

Television

Mirror, mirror on the wall

Victoria Griffith laments the end of the slower-than-life 'Seinfeld'

When the popular American situation comedy *M*A*S*H* aired its last show nearly two decades ago, millions of us crowded round our television sets to say goodbye to a cast being sent home after the Korean war. We were moved by the soft hearts so clearly visible behind the characters' hard exteriors, and cried when they bid each other farewell.

In the US, the final episode of the American situation comedy *Seinfeld* next month is unlikely to be as melodramatic. The show "about nothing", as it has come to be known, is almost certain to conclude without much happening.

We would even, perhaps, be a little disappointed if Elaine got married, or George got a meaningful job. Yet *Seinfeld*'s finale, like that of *M*A*S*H*, may go down in history as one of the most-watched television events of all time.

The lure of *Seinfeld* is that the show's pace matches that of our own lives: that is, much talk and little action. The series' creators are proud of its snail's crawl. One episode has George and Jerry pitching to broadcasters an idea for a situation comedy exactly like the real *Seinfeld*. "What happened to you on the way to work today?" George asks the television executive. "Nothing," he responds. "You see?" exclaims George. "That's a show!"

Seinfeld reduces the tired one-liners of US situation comedies to a no-liner, with hilarious results. Although the series took some time to catch on, it has become by far the most successful in NBC's present line-up, contributing nearly half the broadcaster's total revenues from television commercials.

Because of its off-beat tone, the show is probably given more credit than it deserves. Some fans claim the characters' coffee shop socialising helped spawn the "urban renaissance" of the US in the 1990s. Others say the solid acting and witty scripts raised the quality of situation comedies in general. One fan, David Evans of Louisiana, calls *Seinfeld* the "Molière of our time".

Jerry Seinfeld himself - who created and stars in the series - pooch-pooches those notions. "The only significant thing about this show is that it's funny," he told *Time* magazine recently.

The series, in fact, pokes fun at all grand ideas. A much-used gag in the show frames shots as familiar scenes from movies. Jerry runs a race against a high school rival with the music from *Chariots of Fire* playing in the background. He makes up with a girlfriend in a *Harry Met Sally*-style finale. In a spoof on *Schindler's List*, Elaine's boyfriend cries that he didn't do "enough" for Jerry's parents during their trip to Manhattan. Those scenes highlight the gap between the larger-than-life stuff of film and our own drab existences.

If anything, *Seinfeld* bridges that gap all too well. Much in the show seems to mirror our own lives: the endless parade of meaningless relationships, the tireless family situations, the go-nowhere jobs. *Seinfeld* claims the series was based on his own life, and fans are all too eager to believe it's all real. The New York man said to have inspired television's Kramer has used his fame to set up a lucrative tour business in Manhattan.

Certainly the show's characters seem petty and self-absorbed enough to be non-fictional. Nothing about them is glamorous, especially their origins. Jerry's parents live in a condominium in Florida. In one show, he jokes that when anyone in the US reaches the age of 60, a policeman shows up shouting: "That's it. Put on these white sneakers and get in the car. You're moving to Florida." George's parents live in the downmarket New York borough of Queens, and exhibit behaviour any of us would be ashamed of. Kramer's mother hands out towels in a Manhattan lido.

Sex scenes are so devoid of eroticism that characters get

away with explicit language that would have landed any other series in court. One show has Elaine, Jerry, George and Kramer competing to see who can resist masturbation the longest. Elaine spends another episode combing Manhattan for the "sponge", her favourite form of birth control. When she discovers they are scarce, she starts interviewing dates before agreeing to any sexual encounter. "Why do you think you deserve this?" she asks one prospect.

Seinfeld gives us ways to laugh at trivial annoyances in our own lives. In one scene, Jerry asks a telemarketer on the telephone to give him her home number so he can call her back later in the evening. When she refuses, Jerry gets huffy.

The show also delivers a wry commentary on American society. In one episode, Kramer sues the tobacco companies for ruining his good looks. In another, George is given a job because his employers wrongly believe he is disabled.

One show has the characters wandering around a shopping mall car garage for

Elaine breaks up with a boyfriend because he fails to use an exclamation mark in a note

hours because they forgot where they parked. Another has Kramer organising a get-to-know your neighbours campaign in his apartment building only to discover the ensuing friendliness is unbearable.

It is striking how often aimless social conversations in the US these days are punctuated by the comment: "This sounds just like a *Seinfeld* episode." Why would anyone want their lives to resemble that of the characters on the show? After all, they beat most of us for pettiness and weak moral character. Elaine breaks up with a boyfriend because he fails to use an exclamation mark in a written note. Jerry rejects one woman because she likes "Dockery" commercials.

Perhaps never before have so many people liked such shallow, misanthropic characters so well. It may be because even at their worst moments, the *Seinfeld* characters sound clever and funny. They stick by each other, too, and never seem to take anything too seriously. Can it be that we'd all like friends like that?

The series has run its course. The last few months, I myself have begun to wish that something, anything "enough" for Jerry's parents about nothing. I can't bear to see Jerry reject yet another beautiful woman, and I have begun to wish George would get his comeuppance. Perhaps the show's slow pace has started to lag even behind my own humdrum life.

Flagging interest in *Seinfeld* in its new season may indicate that others feel the same way. Life trudges along slowly, but, for most of us, things do happen. We get married, have kids, receive job promotions. The emptiness of the *Seinfeld* characters may, in the end, have become even more trivial than real life.

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A Thought for Easter

"For all the happiness mankind has seen is not in pleasure but in pain."

John Dryden (1631-1700)

Day after day, night after night you have helped us to provide rest from pain.

May the happiness gained be yours as well this Easter and always.

Sister Superior

Music / David Murray

Superman doesn't fly

The Mexican conductor Enrique Diemecke looks like an efficiently communicative professional, and he took the BBC Symphony through an all-American programme this week: Bernstein, Barber - and Michael Daugherty. You may not have heard of Daugherty, but his quasi-biographical opera *Jackie O* (yes, the one you first thought of) has been widely noticed in the US, for obvious reasons.

That must be why Radio 3 decided that, while we sweat out the wait for somebody to stage it in the UK, we might as well hear his 1993 *Metropolis Symphony*. No other reason for hearing it suggests itself.

Each of the *Symphony*'s five movements is inspired - not the *not just* - by something from the old *Superman* comic books: his arch-enemy Lex Luthor, his home planet Krypton, Lois Lane and so on. No complaint about that (inspiration may come from anywhere), but unfortunately the music Daugherty was thereby moved to write is pretty dire.

I guess that some of its original Baltimore audience found the very idea piquant, and also - first time round, anyhow - the "colourful" orchestration. Though Daugherty's own appreciative programme-note assured us that the *Symphony* is a "rigorously structured, non-programmatic work, expressing the energies, ambiguities, paradoxes and wit of American popular culture", it took care to spell out all the extravagance of his orchestral panoply. It read better than it sounded.

Daugherty's method is simply to pick a basic motif (very basic, just a few notes) for each movement, and to have it played in constant overlap, while the orchestra strives to surround these routine proceedings with programmatic "effects". They are all second-hand, and owe more to Richard Strauss than to anything fresher.

Though the "Krypton" movement was micro-tonal sound-world, as if it were Ligeti, it merely borrowed raw devices from Ligeti. Like pressing a familiar button on a synthesiser, to titivate something conceived in a less sophisticated, sub-Copland idiom - and amateurishly handled.

The programme-book revealed that Daugherty adores *Kitsch*. He "reacts to the inner motions of icons, the way they shift in terms of meaning: 'Elvis Presley, James Cagney, Jackie Onassis, Barbie dolls, Motown, pink flamingo lawn ornaments, Superman, Route 66', all resonate with personal and cultural meaning, and all find their way into the elevated bric-a-brac of Daugherty's style. Maybe they do, but without any saving irony in his actual music - and then, what's the point?"

His compositional means were not up to that, and mere echoes are neither here nor there. European ears may appreciate H.K. Gruber's *Frankenstein!!* (Superman and all) to infinitely wittier and more musical effect on a new EMI CD, 213 5 56441 2 1, a thing of dismaying delights.

Terence Rattigan has recently been undergoing a long overdue reappraisal, with Neil Bartlett's production of *Crossing the Line*, at the Lyric Hammersmith, the latest in a string of revelatory revivals. Now comes the icing on the cake, in the shape of a previously unperformed version of *Table No. 7*, half of his popular double bill *Separate Tables*.

Unearthed by his biographer, Geoffrey Wansell, the version that Rattigan dared not have staged in the 1950s now has its premier at the tiny King's Head Theatre in Islington.

Here the "Major" at the heart of the story, whose peaceful residence in a Yorkshire hotel is shattered when news of his crime reaches the local paper, is found guilty not of molesting young women in the cinema, but of soliciting young men on the esplanade. Into the conventions of the West End drama Rattigan drives an eloquent - and heartfelt - plea for tolerance and reveals the cruelty and shortsightedness of those who condemn him.

Had the play been performed thus when it was written, it would naturally have scotched the opinions of those who scorned Rattigan for being merely a fine craftsman. Seen now, ironically, it assists our appreciation of what a skilled craftsman he was. For, without the shock value that it would have had in its day, we can see it as both specific and universal. Rattigan may be attacking intolerance of homosexuality and revealing the sad and phony life into which this intolerance has driven the Major, but today, with a different perspective, the play also emerges as a persuasive argument for greater humanity and lack of prejudice in general.

Admittedly, Rattigan demonstrates there is no such thing as a "normal" person - nearly all the inhabitants of the hotel are eccentric in one way or another - and that



Specific and universal: Diana Hardcastle (left) with Lucy Whybrow

Nigel Norington

Theatre / Sarah Hemming

Tickle your fancy, open your mind

public opinion may not be so homogeneous and unyielding as might have been supposed. With the exception of the self-righteous hardcase, Mrs Radliff Bell (splendidly played by Barbara Jefford), and the ruthless Mrs Stratton (Clare Burt), all of the characters find themselves unable to condemn the Major.

Indeed, tellingly, in the final scene, when the hotel residents take their seats at dinner, they are unable to resist chatting away to him about the usual trivia - cricket, apple Charlotte, weather - so Rattigan rather neatly demonstrates that, in a sense, the Major's sexuality is neither here nor there.

There are some enjoyable performances in Colin Ellwood's production: Sheila Reid and Oliver Bradshaw are touching as the elderly gentlefolk who feel they

ought to condemn the Major, but can't manage to do so, and Diana Hardcastle is impressive as the wise manageress who gracefully steers them towards decent behaviour. Barry Wallman as the Major is faultlessly handsome, although one could feel more acutely the agony of his predicament when he knows he is found out.

Wittily, Ellwood has spliced the play together with *Horlequinade*, allowing us to appreciate the irony of several of the characters in that piece trumpeting about the irrelevance of theatre. Here again, Rattigan deals with truth and facades and queries who is kidding whom, but in a farcical setting. Here, amid the carry-on at a dress rehearsal of a touring production of *Romeo and Juliet*, the ageing theatrical couple who play the young lovers discover their

marriage has been a sham.

It is a beautifully crafted farce, with Rattigan stepping up the pace and the comedy even as several of the characters' hopes are dashed, and its insight emerges from the friction this creates. The production is not quite up to speed, nor sufficiently relaxed to allow the farce full reign, but it is full of delightful comic moments, with James Doherty very enjoyable as the much abused stage manager, and Mark Eden playing to the hilt the actor laddie who treats life as if it were another star vehicle for him.

Taken together, the two plays illustrate how well Rattigan understood the art of both tickling his audiences' ribs and opening their minds.

Continues until April 18, (0171-228 1916).

ARTS

Influence of a sophisticated lady

Antony Thorncroft finds Barbados getting to grips with its festival

Last year Pavarotti, this year Lesley Garrett - the BWIA Holders Festival in Barbados is getting to grips with reality when it comes to fixing its top of the bill.

While Pavarotti succeeded in putting Holders on the arts festivals circuit, the connection proved expensive - a \$350,000 deficit, due mainly to crossed wires over who was to pay the transportation costs. Holding a festival beside a 19th century plantation house on a hillside overlooking the Caribbean may guarantee scenic perfection, but it is an accountants' nightmare.

This year, the festival had more modest ambitions, and a budget to match of \$250,000, but it was none the worse for that. Indeed, last Saturday night, when Garrett quelled the competing tree frogs and yellow birds with her slightly staccato high notes, the whole point of the festival became apparent. It really does add immeasurably to the pleasure of a performance to hear it in an idyllic setting.

Lesley Garrett is the ideal artist for a sophisticated picnic. Her characterisation of the no-nonsense Yorkshire lass who might be an international diva but still eats fish and chips out of a newspaper, is perfect. With La Garrett, you get what you see, lots of flounce, both in dress, word and gesture; a terrific sense of humour; and a voice which, unlike most operatic singers, manages to add style with no loss of emotion to classic pop songs.

As her operatic opportunities fade, she should have a tremendous career on the concert platform, mixing Puccini and Lehár arias with more earthy tearjerkers. She sings "Bless This House" and you can almost hear Gracie Fields grunt in approval: as she cheerfully shouts out

"Can you hear me, mother," North Country brassiness lives resoundingly on.

Garrett still looks great, giving her love songs pathos, and if the encore on "Summertime" with the Holders Band was not quite the ad-lib we all conspired with, it was a much friendlier, more clubbable, festive finale than anything Pavarotti allowed himself a year ago.

Supporting Garrett was the Canadian pianist Sasha Starcevic. If Liberace had

A friendlier, more clubbable, festive finale than Pavarotti allowed himself

fathered a son, he would have much of Starcevic about him, a winsy voice, a debunking charm, and a populist approach to classical music which enabled him to play such a challenging piece as Liszt's piano adaptation of Beethoven's "Eroica" symphony and make it seem almost fun.

Now in its sixth year, the Holders Festival seems to have acquired a purpose. In the early days, it was an ostentatious gift to Barbados from some of its rich, white inhabitants, enthusiastically accepted by an island tourist board which knows that, in a health-conscious world, the attractions of sun and beach can pall for many people. Barbados has a fascinating heritage to promote and Holders can perpetuate it.

It has also acquired committed motivators in Johnny and Wendy Kidd. Johnny

Kidd has caught the impresario bug. Much of his energies are going into *Hilde & Yurico*. Composed by Samuel Arnold, it was the wonder of the age when first presented at Covent Garden in 1787, and its theme of white merchant courting and casting off an Indian princess on Barbados was a most fortuitous discovery for Holders last season. Now it is being modernised by director Hugh Woodbridge and composer James McConel, and their initial adaptations were given a showcase this week before it progresses to a trial run at the Criterion Theatre in London in July.

Whether it provides for Holders the nest egg that *Les Misérables* hatched for the RSC is in the hands of fate, but it is a good measure of the festival's ambitions. It is a more worthwhile enterprise than flying in pocket opera companies because they are inexpensive and flexible. This year, *Traveling Opera* returned with *The Barber of Seville* and *Carmen*.

The Barber was a travesty, awkwardly transposed to a *Faulty Towers* hotel and with a high quota of cringe-making moments. *Carmen* was better, if only because it was not gagging for laughs, and Heather Schipp as Carmen and Mark Luther as Don José at least looked the parts. The Brandenburg Sinfonia, under David Gibson, survived the performances with its reputation polished.

For a country which never sees professional opera, it is essential to bring it to Holders - but with younger, fresher faces, voices and ideas. What succeeds perfectly at Holders is first-class productions of local, or at least Trinidadian, culture, in the lively classical calypso evenings with their satirical interpretations of contemporary life. The nearest British version is perhaps Kit and

the Widow, who sparked through an evening of Shakespeare revue, helped by Melanie Marshall as a feisty soubrette.

Next year, Kit (Hesketh Harvey) is preparing a musical version of *The Tempest* and Thomas Allen is the guest star. The aim is to develop new productions at Holders that might have lucrative lives elsewhere. There is also a desire to do more outreach work on an island with no musical conservatoire. Evenings at which the Desperadoes steel band plays Handel's "Water Music" and Mascagni's famous "Overture", along with the Brandenburg Sinfonia, provide an excellent introduction to classical music for an untouchable audience.

But Barbados remains the favoured playground of the super rich and Holders cannot avoid the star names. Tim Rice's cricket evening attracted the entire West Indies team; Pavarotti, holidaying on the island, was after tickets for the opera. With the festival now established, Johnny Kidd can programme some of the jet-set visitors into the events, especially as the Barbados Test match each year places a communications satellite above the island, ideal for beaming out television spectacles.

Celine Dion is just one star keen to appear at Holders, and for half her usual \$1m fee.

Holders may just succeed in riding those two desirable but incompatibly yoked horses - a cost-covering festival that feeds the relaxing rich with comfortably grand stars, and one that undertakes essential missionary work for classical music and western drama in Barbados.

The Holders Festival is sponsored by BWIA and continues until April 6.



In song and with purpose: Lesley Garrett has helped bring a sense of reality to the Holders Festival

US Webster/Photo: Reuters

Theatre / Sam Albasini

Families in wolves' clothing

I must admit to a feeling of trepidation at the prospect of sitting through five hours of Strindberg at the Tricycle Theatre, but happily Nicholas Kent's production of the two plays that make up *The Dance of Death* was an unexpectedly pleasurable and funny experience.

Carlo Gebler has adapted the plays rather radically, setting them on an island fortress off the Irish coast. The first half takes place in 1913, before the outbreak of war, and the second on that most historically changed of days, Easter Sunday 1916. Gebler's use of the Irish setting is useful in ironing out some of the puzzles of the original text, such as the Dawson family's sudden rise in status in part two, and has also helped to give the plays a history in a double sense.

Not only does it bring out the rewrites, repetitions and perversions in the histories of the two families in this nasty tale, but more



Vicious gazings: Marion Bailey and Tim Woodward in 'Dance of Death'

Alastair Mac

importantly the wider context means that their vicious gaze has deeper and more dangerous consequences.

In part one, we meet the threadbare Captain Dawson and his wife Alice, a faded actress, preparing to cele-

brate their Silver Jubilee. Having cut themselves off from the rest of the garrison out of spite, they sit in their martello tower and tear each other to shreds.

The Dawsons are cannibals or wolves with sharp

teeth. The captain, played by Michael Cochrane, with his face like a Persian cat, is an emotional opportunist waiting to pounce. Alice's Catholic cousin Connor and his young son Aiden are to be their sacrificial lambs.

The snarling and spitting of the first play is replaced in the second by altogether more civilised but better aimed daggers in the back. Despite some over-hasty playing in the first piece, the exuberance of the cruelty gathers pace until we are almost having for blood near the end. We laugh as the aptly named daughter Judith puts her early training to good use in a well-deserved betrayal of her father's vengeful ambitions. Judith is well played by Olivia Caffrey as a fetchingly shrill minx, and Tim Woodward as the well-meaning but corrupted Connor makes a perfect foil to Marion Bailey's crazed Alice.

Strindberg had a huge influence on many of this century's most talented and uncompromising playwrights and these plays reminded me strongly of Howard Barker at his best. Sick, but satisfying.

Box Office: 0171-328 1000, until April 26.

Radio / Martin Hoyle

The best and coolest pictures

Last Wednesday's *Thought For the Day* posed the question: would Jesus have been better treated at his trial if he had been a soap star? It was seriously meant, not merely a reflection of the anguish emanating from *Coronation Street*, but a sample of new cool theology to go with the new cool aesthetic and intellectual preoccupations of new Cool Britannia.

Even the prime minister, as President Tones still modestly styles himself, had been moved to express something or other new and cool, but doubtless warm and caring as well, in the spiritually contented way that politicians have. One is led to wonder whether a phone call to the right people from the likes of Tony Blair might have got Jesus off.

It was, after all, also the week when we were assured that the PM was accessible to all British businessmen. Those writing in anxiety at the unbefittingly strong pound were surprised at this. American media tycoons may have instant access to the sources of power, but the average businessman was brusquely shown his place by the chancellor. (To pursue the analogy, Judas Iscariot was in charge of the disciples' money, was he not?)

A tobacco pipe-smoking competition for women with a barrel of sin as first prize sounds agreeably egalitarian and modern. But would Cool Britannia's proponents approve? Probably not. As *That's History* informed us, it was part of the White Horse "Scouring Festival" in the mid-19th century, when the cryptic (or sometimes all too explicit) chalk figures cut into the UK's green hills held a jolly significance for the peasantry - a great deal cooler in many ways, I suspect, than even Tony Blair.

The programme also marked the centenary of the Spanish-American war. A great campaign of liberation against old imperialism (Cuba and the Philippines took the opportunity to

shake off the Spanish yoke) or the first thrust of America's own imperialism?

The Cuban rebels had been fighting on their own for years and would have won anyway, they were actually ignored in the subsequent peace treaty, and the US rushed through the Platt Amendment that gave it the right to interfere in Cuban domestic politics. And so it remained until Fidel - and beyond.

The academics on the programme claimed the war shaped the history of Cuba and Spain in this century; that the Spanish decline led to Franco's insurrection three decades later... A trifle drastic perhaps, but a fascinating reminder of a war we know little of in

'It is trotting out old repeats - as if there were no tomorrow (there isn't for some)'

Britain. The programme omitted the triumphant reaction of one US commander that was totally admirable. As a Spanish cruiser foundered in flames, Captain Philip of the Texas shouted: "Don't cheer, boys, the poor devils are drowning." As a cry of victory, it compares favourably with "Gotcha".

With the post-Easter schedule changes looming, we Radio 4 junkies are savouring the old vintage while we may. Some of the vintage is very old, since R4 is trotting out repeats - a veteran campaigner showing his medals - as if there were no tomorrow (there isn't for some). "My forever gets shorter by the day," as Jack Nicholson wonderfully remarked in his *Woman's Hour* interview. Another chance to hear *Kelly's Heroes* is gratefully accepted. These old tributes to modern types



Fine art
Nicholas Powell

Not-quite-tonal end for Masterprize

What many of us really want to know, as John McLaren's grand, inspired Masterprize competition approaches its conclusion on Tuesday (in the Royal Festival Hall and on Radio 3), is how he really feels about the result.

Not about which of the six composer-finalists wins. That will interest the lucky £25,000 winner (with a further £10,000 commission if he or she is under 30) much more than the rest of us, since this final round is just a lottery. The finalists' compositions are too different to be properly commensurable, as one might have expected, and the 15 semi-finalists were winnowed out from a field of about 1,000 by a different jury.

No, the interesting thing to know would be what McLaren thinks about those short, and shorter, lists, which must represent the cream of what his competition invited. That had a gloriously open brief, on the face of it (open to anybody, of any age or nationality), to write a "new and original piece for symphony orchestra", 10 or 12 minutes long, "with the potential for broad

and lasting appeal, and with high artistic integrity". Many practising musicians discerned a negative subtext, not least because McLaren's own preferences were well-publicised: above all, nothing atonal. Apparently he believes that a false doctrine about the death of "tonality" has infected the minds of contemporary composers, their students and their deluded promoters (there have to be promoters) for the past 40 years or so, transporting them further and further away from realistic audiences.

"Atonal music" is easy to define: music that doesn't depend on a tonic *doh*, doesn't have its tunes and chords geared towards a major- or minor-key base. "Twelve-note" (or "dodeca-phonetic") music, as Schoenberg first conceived it, was hedged about with tighter rules, aimed at preventing any note from becoming the

keynote in a "democracy of notes". Far more of that has been written by earnest students than by grown-up composers - including Schoenberg himself and Alban Berg, too, who loosened and adapted the rules as they went along.

"Serialism" has been the golden residue, and hardly any serious composer remains untouched by it. That has to do with generating the "vertical" part of your music (chords, harmonies) from the same series of notes as the "horizontal" elements (phrases, melodic lines). The mechanics of it can be so intricate as to be opaque and maybe rebarbative to the unaided ear, or contrariwise as transparent - and even "tonal"-sounding - as you like.

Some of the finalists' pieces reflect such leanings, some don't. There were some prospective entrants who feared that McLaren's notion

of "broad and lasting appeal" would rule out any music that sounded "atonal" in one way or another. There is no sign, however, that the judges felt constrained by that.

Stephen Hartke, a well-established American composer, produced *Ascent of the Equestrian in a Balloon* - hard-edged and jazzy. The two youngest finalists, both in their early 30s, are Daniele Gasparini and Andrew March. March's *Marine - a travers les arbres* is a lush Impressionist throwback: think Debussy, think Respighi, think Jacques Ibert's *Excelsis*, and you've got it.

Gasparini's *Through the Looking-Glass* could be a ballet suite. It is a set of variations on a not-quite-tonal carillon; the twist is that most of the variations contrive to mimic the sound and colours of well-known pieces - Stravinsky's *Rite of Spring* above all.

David Murray

مكتبة العصر

COLLECTING

New York plays host to miracles of Asian art

Astounding works are on view – and for sale. Buyers have been quick to act, says Susan Moore

Can there ever have been so much Asian art temporarily on view in a city in any other continent? At the Solomon R. Guggenheim Museum in New York is the epic "China: 5,000 Years", a blockbuster of loans from the People's Republic of China which spills over into the museum's SoHo exhibition space. The Metropolitan Museum of Art presents "When Silk was Gold", highlighting recently rediscovered Central Asian and Chinese textiles from the 8th to the 15th centuries.

In the last two weeks, the city has seen a host of specialist auctions in the sale-rooms, another immensely successful International Asian Art Fair at the Seventh Regiment Armory and a lively bazaar of an Arts of Pacific Asia Show at Gramercy Park. From the commercial galleries came a handful of significant shows.

Eskenazi, for instance, offered "Animals and Animal Designs in Chinese Art", J.J. Lally "Arts of the Han Dynasty" and The Textile Gallery "Textile Art from the Silk Road" at M.D. Flacks. "Treasures of the Eurasian Steppes: Animal Art from 800BC to 200AD" showed at the Ariadne Gallery. The mass of material on the market, most especially ancient Chinese works of art, and the degree of interest in it, is nothing short of phenomenal.

There is nothing new about the art trade hanging on the shirt tails of major museum loan exhibitions.



A 4th century Gandharan relief depicting the Buddha's First Sermon (John Eskenazi)

The curious thing about Asia Week in New York is that the art trade itself is indirectly responsible for these museum extravaganzas. Even more remarkable to any regular visitor of the big international art fairs is the experience of seeing on the market works of art comparable to or at times even better than those on view in a major museum. Collectors of western art lost that pleasure decades ago.

A wealth of astounding works greeted visitors to the International Asian Art Fair. On the artfully presented stand of Brussels dealer Gisèle Croës alone were at least a dozen pieces any museum in the world would covet. Centre stage was a remarkable 14cm-high tree of life lamp from a tomb of the Early Western Han period (206BC-AD9). From its circular mountain-like base, the tree sprang with five layers of swirling branches,

each branch formed as a winged dragon.

On closer inspection, these branches were filled with all manner of birds and monkeys, immortals with crossbows and others bearing lamps. The largest oil lamp of all was reserved for the phoenix at its tip. Encrusted with malachite and, more strikingly, with a dazzling sea-blue azurite, it was little wonder that this bronze was snapped up even before the fair officially opened, despite an asking price of \$2.5m. Nothing of comparable size or complexity is known.

Hardly less impressive was a large Eastern Han period striding horse, 59cm high, made not of terracotta but bronze, and an unusually bold cast large bronze bell of around 11th century BC, in their different ways both triumphs of ancient Chinese bronze casting. Here, too, was a splendid group of

large archaic bronze vessels, whose lavish scrolls and stylised dragons were richly inlaid in silver and gold. Well before the end, most of the labels on this stand bore little red dots.

Another striking feature of this wide-ranging fair is the proliferation of large-scale monumental sculpture – and not only from China. R.H. Ellsworth, Alexander Goetz, the Chinese Porcelain Company and Doris Wiener all presented remarkable examples of pre-Angkor and Khmer sculpture. (Robert Ellsworth assured me there were "only 10 collectors in the world at this price" – \$5.5m – for his 6th or 7th century Pra Kom Chai style bronze, the second largest in the world. The number seemed rather large to me.)

There were superb bronzes of Shiva Nataraja – the Lord of the Dance – from the Chola period in south India, 11th and 12th century; fine jewel-set gilt-copper frieze fragments hacked from the 14th century Densati Monastery in Tibet by the Red Guard; and good 2nd to 4th century Gandharan carving from what is now north-eastern Pakistan. All of these pieces are remarkably rare on the market, pieces with a western provenance (which some of them had) rarer still.

New exhibitor Robert Haber even offered a Syrian frieze fragment of a body-guard from the throne room of Assurnasirpal II's palace throne room at Nimrud, no less, for \$1.75m. What more could any swank Park Avenue collector ask for? Imagine the conversation: there are some in the British Museum, the Met, the MIHO Museum in Kyoto and this in my apartment.

Desecrated Tibetan monasteries are not only the source of bronzes but of the third most interesting corpus of material on the market in New York: the astonishingly complex and sumptuous central Asian and Chinese textiles that passed along the fabled Silk Road. In the 1980s large numbers of extraordinary examples began to appear on the western market, mostly London, some woven as early as the 8th century and miraculously preserved in the Tibetan climate.

Two American museum curators, from the Metropoli-

tan and Cleveland, began to collect and study them, and the fruits of their labours can be seen in "When Silk was Gold". According to two London dealers, Jacqueline

as one might think. Who, after all, wants to start buying in an area where good things come up perhaps once a decade? Little wonder that newly excavated Chinese antiquities, which began to pour into the west through Hong Kong in the late 1980s – obviously with the collusion of high-ranking government officials – and represent not even a tip of an iceberg, met with such a euphoric response by quality-starved collectors and curators, first in Japan and then in the west.

The American museums bought avidly, apparently on the principle of buy now and ask questions later. As western scholarship and collections grew, so did a market structure and awareness among collectors and the general public alike. Following in the wake of this tomb art has come Chinese classical furniture of the Ming and Qing periods later sculpture,

and textiles.

On the evidence of this season's sales, shows and fairs, it would seem that the sources of classical Chinese furniture are drying up. The only really exceptional piece on show at the fair was Hong Kong dealer Grace Wu Bruce's elegant *huanghuali* lohan or monk's bed. Later sculpture, too, was out-

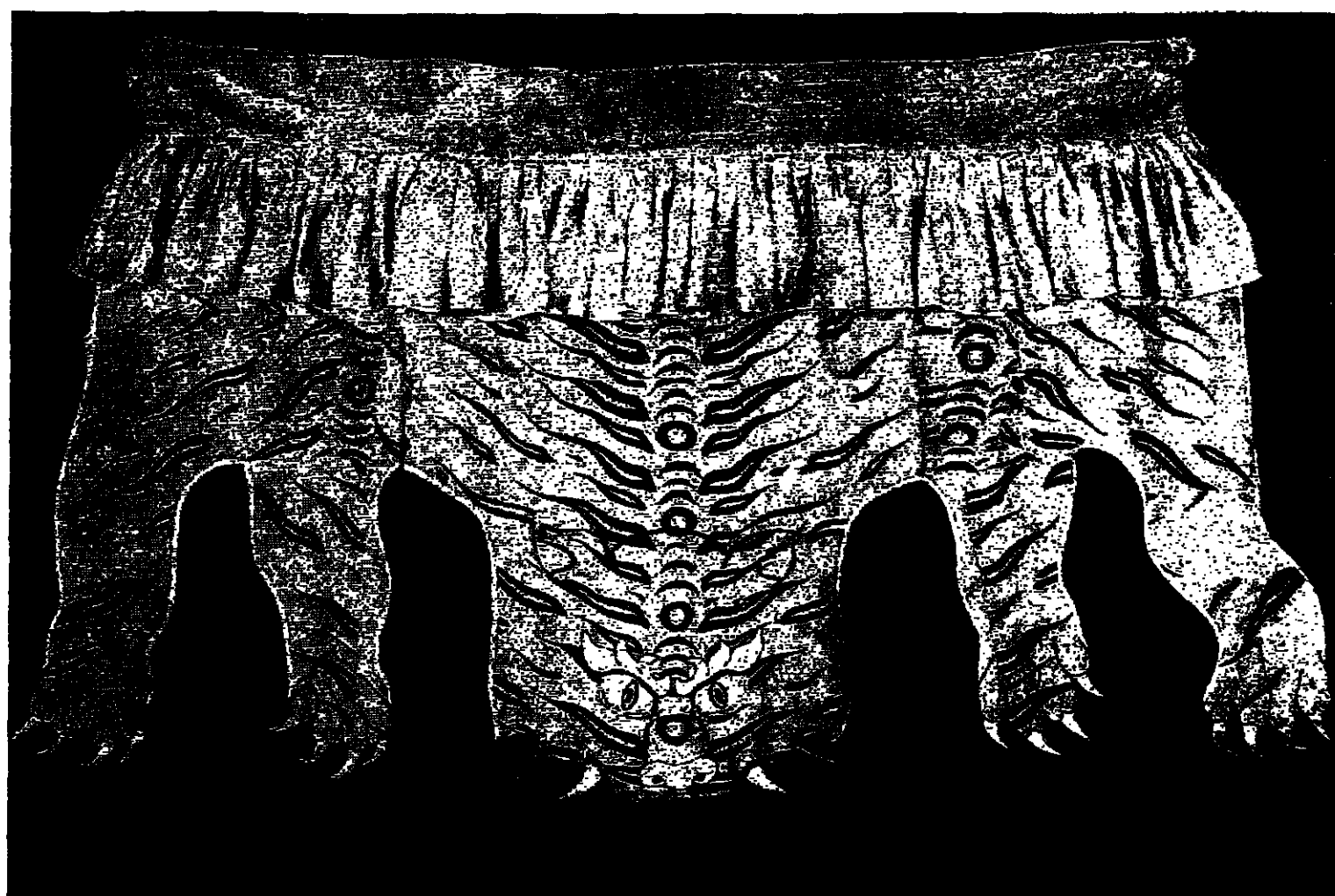
classified by south-east Asian cousins. Jacqueline Simcox gives the supply of Tibetan sourced textiles perhaps another 10 years. Even now, Chinese tomb art is being despatched directly to Taiwan as demand rises for this kind of material by a younger generation of less superstitious, cash-happy mainland Chinese.

If flood becomes trickle, what will become of the American passion for all things Chinese, particularly among New York's immensely wealthy and fashion-conscious Wall

Street buyers of art? It is salutary to see, for instance, how few important Japanese works of art featured during Asia Week – a fact apparently explained not only by economic "Asian flu".

Said one insider: "Japan just isn't fashionable any more. No one wants to be associated with a failing economy. In the 1980s, everyone wanted Japanese technology, commissioned Japanese minimalist architects, wore Japanese clothes and ate sushi. Japanese works of art, by extension, became desirable. Now no one seems to want to decorate their apartment with Japanese screens." Certainly every smart Manhattan apartment these days seems to have the prerequisite Tang horse and Ming furniture, just as every woman in any of New York's smart, crowded Chinese restaurants seems to be wearing silks from Shanghai

Tang.



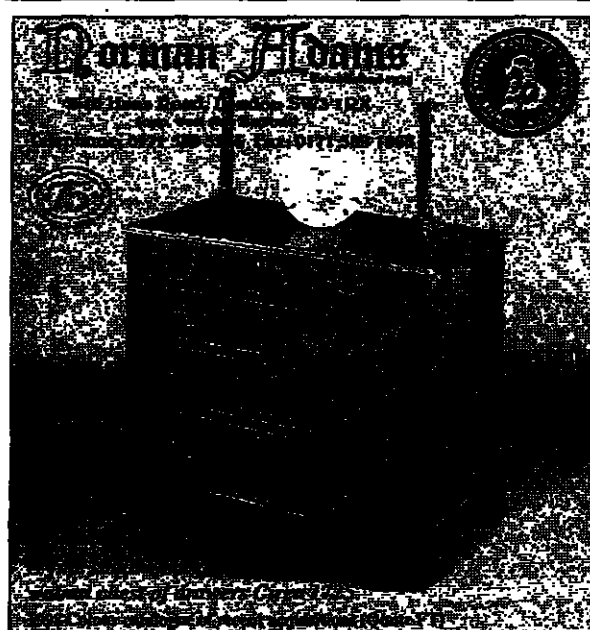
A Buddhist ceremonial apron from 18th century Tibet (Jacqueline Simcox)

Availability fuels demand in the art market. There is never a premium on rarity, as one might think

Simcox and Francesca Gallo-way, the Met show could still be replicated, more or less, by material still available on the market.

Availability fuels demand in the art market. There is never a premium on rarity,

COLLECTING



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12th century Shiva Nataraja, Chola period in south India, bronze (R.H. Ellsworth)

Fine art for fine buyers

Nicholas Powell sees a Paris salon become truly international

Four top British dealers, five Americans and a Swiss, Arturo Cuellar, are manning stands at what until recently was an exclusively French fine arts fair – the Salon du Dessin in Paris. It is the only one in the world devoted solely to drawings, with the exclusion of prints. Set up seven years ago by a small group of Paris dealers, the salon has been held this week (it ends tomorrow) in the Salons Hoehle, near the Arc de Triomphe. As usual, it is pocket-sized with only 25 galleries taking part.

No more than 7,000 visitors, including serious curators and collectors, were expected to turn up by the end of the fair and under 1,000 works, from the picturesque to the spectacular, have been on display. Many of the latter, however, were

expected to change hands at prices between £1,000 and £100,000.

Organisers of the salon say collectors of drawings, unlike the brasher individuals who go for modern paintings, tend to be learned and shy. In today's fragile market, it is nevertheless more important than ever to get them under one roof and well exposed to temptation: officially, more than £3m worth of old drawings changed hands during last year's Salon du Dessin.

"It's a wonderful meeting place for the *crème de la crème* of dealers to exhibit their very best items and it's a show I've been wanting to take part in for years," said Kate de Rothschild, a London dealer who is showing French and Italian works including drawings by Poussin, Camille, Natoire and Giandomenico Tiepolo.

London's well-established Agnew's and Flavia Ormond galleries, the latter specialising in old master Italian drawings, have also been showing for the first time in Paris. Within a price range

Spectacular works were expected to change hands for up to £100,000

of \$5,000-\$50,000 Thomas Williams of Piccadilly showed mainly 18th-19th century French and Italian works, alongside a handful of northern European pieces and two Constables, a portrait of the artist's cousin and a water-colour of the Lake District.

From Santa Barbara in California, Galleries Light & Co say they were attracted by the growing international reputation of the salon. Specialists in northern baroque works, they have spread their nets wider for the occasion, by bringing along 19th and early 20th century French works too.

Native dealers, meanwhile, catered for both the French *amateur* and visiting curators. Gallerie de La Scala showed delightful and far from ruinous pencil drawings, watercolours and pastels of the 19th century, a period also a speciality of the Gallerie Gabriel Terrades.

Parisians Bruno and Thérèse de Beyer, meanwhile, brought out some heavy-weight exhibits including a magnificent 18th century oil-on-paper sketch of Christ by Jacopo Palma.

SPORT

Who's gonna be second? the great American Walter Hagen used to crow memorably at his peak in the 1920s.

At the Masters at Augusta next week Tiger Woods will be defending a title he won by 12 shots last year on his first attempt as a professional. Will he come into the press interview room before the tournament begins and echo Hagen's sentiments? It is the one thing we can be sure will not happen. For a start, it would come across as unbearably brash. For another, there is no longer an unchallenged assumption that he is going to be the golfing master over the next decade.

Ernie Els is a big, strong South African who has relished the opportunity to begin a rivalry that currently has the sport in thrall. Sned and Hogan; Palmer and Nicklaus; Nicklaus and Watson; Faldo and Norman; these are the match-ups that have dominated the sport for four generations and now there is another that promises to emulate them.

It has all the ingredients. One player is American and the other the global pirate; Woods has drawn a new audience into the sport, while Els appeals to the game's traditionalists; Woods likes to pummel a course into submission, while Els is more cunning; Woods shows his frustration, banging clubs into the ground when things go wrong, while Els is ice-cool, protecting his emotions behind a calm exterior.

Ask the game's legends who will be the dominant player and they are divided. Gary Player gives the nod to Els, while Jack Nicklaus plumps for Woods. "What do you expect them to say given that Gary is South African and Jack an American?" Greg Norman says, laughing. Norman, an Australian in the neutral corner, falls on the side of Els.

Born in Johannesburg, the son of a wealthy director of a haulage company, Els did not have the modest, even poor, upbringing common over the decades to most of the world's top golfers. He made the most of privilege. He had access to any sport he desired and he excelled at tennis, rugby and cricket in his early teenage years before turning his undivided attention to golf.

Els quickly came to prominence. Who could fail to notice his stylish grace, the textbook-perfect swing and a temperament that highlighted a becoming modesty?

What has become obvious in more recent times is the beating heart of a true competitor. When Els won the United States Open in 1994 and again last year it seemed the natural rewards for someone so talented. "I've just played with the next golfing god," Curtis Strange said after partnering Els during the first of those wins. Then Woods emerged and Els found himself forgotten amid the hype.

Els's response has been to accept the challenge, and respond to it. "Tiger has raised the bar not just for me, but for all of us," he said last year. "If we do not improve then he will be out of sight before we realise it."

He made the assessment based on the improvement he had already witnessed. Els and Woods were paired together for the first time at the 1994 US Open, when the latter was still an amateur. "To be honest, I wondered what all the fuss was about," Els said.

"Sure he was long, but he was all over the place and he seemed to have few course management skills. When I next played with him a couple of years later I could hardly believe the difference, and he has come on in leaps and bounds since then."

At the Johnnie Walker Classic in Thailand in January, the rivalry began in earnest. Els was leading the tournament going into the final round, and fully eight shots ahead of Woods. The American shot 65 to force a play-off which he won at the second extra hole.

To say Els was upset with himself is an understatement. When the pair played together for the final two rounds at the Bay Hill Invitational in Orlando two weeks ago, it was obvious how much the chance to make amends meant to him.

Els shot 65 before lunch in a round containing a scarcely credible total of 19 putts. He had beaten Woods by the same eight-shot margin by which he had lost in Thailand, and then had the



Sporting Profile

Ice-cool Ernie shoots for the top in Tiger country

Derek Lawrenson on the South African who aims for mastery of the golf world

satisfaction of winning the tournament with his opponent by his side for all 18 holes.

Now the sport awaits with eager anticipation to see what will happen in the four major championships. Certainly Els is placing strong emphasis on the Masters, where he has played poorly in the past.

Quite why he has struggled is difficult to fathom. Augusta extravagantly favours long hitters and good putters and Els owns both those weapons. Perhaps his preparation has been awry, an argument upon which Els places some credence.

Accordingly, he has played much more in the first three months of this year than in the past in order to be tournament-hardened. He also practised at Augusta on Thursday and yesterday before returning to his American home at Lake Nona.

He will return to Georgia on Monday and play three more practice rounds before the event begins on Thursday. If he does not

win this time it will not be for lack of preparation.

Augusta should be the perfect stage for this rivalry to blossom and Els has a number of advantages, the most important of which is age. A difference of six years is enormous when the respective ages are 23 and 36. At 22 Woods remains the youngest player on the United States tour. At 23 Els has just entered his prime years.

He has the experience to know there are some courses and situations where you can play aggressively. There are others where patience is a must.

At the Open Championship at Royal Troon last July, for example, Woods demonstrated his boundless ability by equalling the course record with a 64 in the third round. But sandwiched around it were a seven at the 11th on the first day, an eight on the 10th on the second day, and a six at the par three 8th in the final round. These were errors Els would not have made, and

possibly Woods will not in the years that follow.

Norman believes the main difference at present is their swings. Els possesses one that is built to last. It places no strain on the lower back, unlike Woods's which is designed to generate power. "Tiger will have to change it if he wants to be around for the next 20 years," Norman believes.

Woods's approach means that Augusta, with its wide fairways and no rough, is his playground: the US Open and USPGA Championship venues with their tight target areas and plenty of rough, are a different matter. It was not a coincidence that he struggled at both events last year.

Yet that will change, as Els noted when he said everyone else would have to raise their games to keep up with him. The difference between Els at 23 and the same player at 36, is considerable. There is nothing to suggest Woods will not make the same progression. Els will be shadowing him, marshalling his own talents. He

currently looks the complete player. Playing tournaments on all sorts of courses in all weathers, there is nowhere he appears uncomfortable.

The other great advantage he has over Woods when playing in America is that he has only a fraction of the demands on his time. At the Players' Championship in Florida last week Els's pre-tournament press conference attracted 20 journalists. Woods drew 200.

Media popularity, however, never held much sway in golfing rivalries. Norman has always been more popular than Faldo, yet the latter has comfortably the better record in the majors; similarly, Palmer and Nicklaus.

Who will prevail on this occasion? It seems rash to try to predict. Better to savour two extraordinary talents, leading the game towards the millennium with a competition that can only enhance golf's standing in the US as the sport at which to be seen and in which to be involved.

Michael Thompson-Noel Let Iron Mike off the hook

Mike Tyson and I are not especially close, though I sympathise with the former heavyweight boxing champion's plight - suspended from the ring for biting an opponent; his powers wanting; demonised, ridiculed.

Tyson is one of sport's most reviled figures of the century. Yet I believe he has been treated shabbily; pushed, as much as pulled or self-propelled, towards the bright lights of infamy.

The ex-champion is a thuggish, dysfunctional ex-jailbird who served a prison sentence for rape. No dispute about that. But those are not sufficient grounds for regarding him as so aberrant and depraved as to be non-human, a creature from outer space.

Tyson is a victim twice over. He is a victim of the deprivation which scarred his upbringing. Nothing remarkable in that. More insidiously, he is a victim of the media's habit of portraying everything and everyone, especially sports champions, in black and white, as though big-time sport can accommodate only heroes - "role models", in the jargon - or ogres.

The closest I have been to Tyson is 30ft. The occasion was a press conference in Las Vegas a day or so before the first Tyson-Bruce fight, in February 1989. Tyson, who is not unversed in irony, was wearing a black-and-white top and matching shorts that emphasised how his barn-door torso and bull-like neck are supported by comically thin legs.

For an hour he spoke in his customary lisp. When he wants to express himself more forcefully, Tyson roars; the lisp evaporates. At anything closer than 30ft, the effect must be frightening, especially if it is late and you have missed the last train home.

The one thing he did not want, Tyson said, was sympathy for the misdemeanours, mishaps, money troubles and marital shenanigans that by then - he was 22 - had apparently convinced most commentators (or so they professed) that he was on his way to hell. His life was portrayed as a violent melodrama. There was talk he was heading for suicide.

Yet from 30ft, Tyson seemed calm. He was in no mood for sympathy. "I despise sympathy," he said. "I went about doing a lot of things wrong. I made a lot of mistakes. I screwed up. But now I'm where I dominate. In the ring. That's where I do what I do best."

Ironically, the second worst act of Tyson's life, according to universal media opinion, was perpetrated inside a boxing ring, last June, when he chewed a lump out of Evander Holyfield's ear, an act reckoned to have confirmed Tyson's irredeemable beastliness.

Here is a test. Tyson claimed he bit Holyfield's ear because his opponent was head-buttling him. Tick one of these boxes if news of the ear-biting:

☐ Outraged and nauseated you;
☐ Caused you mild distaste;
☐ Failed to surprise or disgust you.

If you ticked the first box, you agree with the monolithic media verdict at the time, which was - and remains - one of nauseated outrage. How vile of

Tyson to have savaged that poor good-guy Holyfield.

Only if you ticked the last box are you in concordance with me and the four other people on the planet who were neither surprised nor disgusted that a world-class heavyweight boxer might, when severely pressured by an overwhelming opponent, take a bloody rap at his ear.

Big deal. Biting Holyfield was unwise. Retribution was inevitable. Yet it is not the worst thing any of us has heard of. Indeed, Holyfield has confessed to once biting an opponent in his amateur days.

Tyson can apply to the Nevada State Athletic Commission for return of his boxing licence in July. Last weekend, he was paid \$3m to act as referee's assistant at a US wrestling event. He hopes to fight Holyfield again. But such a comeback will be hard.

Someone who knows boxing well is Jonathan Rendall, author of one of the best boxing books of the last 30 years, *This Bloody Mary Is The Last Thing I Own*. In a recent magazine article,

Nothing is healthier for a 12-year-old boy than to discover some of his heroes are not heroes

Rendall said Tyson had reached a turning point: his boxing skills were waning, his speed was no longer deadly, and no one in the media was interested in understanding him.

"Instead," said Rendall, "he is damned with the... certainty that surrounds those whose time we know is up." Rendall said he hoped Tyson managed to reconnect with the "forgivable appeal" of his youth, and that some dire fate did not befall him. "If it does, it wouldn't be surprising."

I squirm every time a sports champion blunders or behaves badly, and pays the penalty of monolithic media condemnation. One of the reasons it happens is that sportswriters are increasingly concerned with off-pitch or out-of-ring wrongdoings. To read the sports pages these days, you need a degree in sociology, another in psychology and a diploma in marriage guidance and drug rehab.

I laugh loudest when I read that some sports hero has "betrayed the fans' trust" or failed to behave in a manner befitting a "role model". Young fans (usually boys) are said to be highly susceptible to "betrayal" by their sporting heroes.

This is poppycock. I can think of nothing healthier for a 10 or 12-year-old boy than to discover that some of his heroes are not heroes, but men with ordinary problems and inadequacies.

Teaching adolescent boys to see the world in black and white is wrong. The real world is composed of 1,000 shades of grey. The sooner they get wise to that, the better they will be.

"Iron Mike" Tyson is not a monster. That I will be happiest if he stays 30ft away from me has got nothing to do with anything.

Lawrence Dallaglio completes his first season as England captain today and will attempt to lead his country to a fourth consecutive triple crown, equalling Wales' achievement between 1976 and 1979.

Beating Ireland at Twickenham - and England start as prohibitive favourites - would be another landmark in a remarkably developing career. But it would be possible to forgive Dallaglio, and several team-mates and opponents, if they would prefer to have their feet up today.

To play for and captain your country is the greatest desire of most sportsmen. But it is possible to have too much of a good thing. Today's will be Dallaglio's 14th game for England in 18

months, plus the little matter of three test appearances for the British Lions in South Africa.

He is also a dedicated club man, captain, heart and soul of Wasps over the last 2½ seasons. This year Wasps have a league programme of 22 matches, played seven times in the European Cup and, by reaching the final of the Telfer's Cup, gained another five fixtures. With England commitments, the teams captained by Dallaglio will play 42 matches this season.

Gareth Edwards, presiding

genius (though not captain) of the Welsh teams Dallaglio hopes to equal today, averaged around half that number each year for Cardiff and Wales. The phrases "well deserved" and "rest" might come to the mind of anyone advising on his summer plans. What he will be expected to do is lead England on a tour of South Africa, Australia and New Zealand - an itinerary calculated to exhaust simply in terms of travel, let alone playing test matches against the three toughest teams in the world. The clubs have signalled

their horror at this overstretching of their best players - Northampton even refused to release players for the tour, before beating an embarrassing retreat. So what have the senior clubs done to ease the pressure? Obvious - they want to add two more teams, hence four more matches, to next season's league programme.

Players have every reason to feel like the candle burnt at both ends. Contracted to club and country, they encounter increasing - and sometimes conflicting - demands from both, as each

tries to maximise income. But before we start feeling too sorry for them, it is worth remembering that the reason clubs and unions are desperate to make more money is so they can pay players' wages - which are running way ahead of anything that can be justified in terms of the game's popular appeal.

It might also be objected that players are young, fit and fully professional. But increased fitness and athleticism increase the likely risks of

the game, as larger men collide at greater speed. Keith Wood, the admirably forthright Irish captain, points out: "If you spend your time throwing your body into the path of 18-stone men running at full speed, it takes its toll."

Anyone who doubts the consequences of continuous high-pressure rugby should consider the experiences of the British Lions team which performed so heroically in South Africa last summer. Loss of form and injury can happen to any player at any time, but it

appears to have been endemic among the players rated as Britain's finest on the basis of their efforts last season. Lions captain Martin Johnson has had probably his least distinguished season for England.

Scott Gibbs, all but unanimous choice as Man of the Series, has been quiet for Swansea and Wales and is out of the Welsh team injured. Tim Rodber, the test No 8, lost his England place and is injured. John Bentley and Tim Stimpson have been dropped at international and club level. Wood has been

typically frank about the after-effects, and marvelled at the ability of Dallaglio to go on performing at a high level. Dallaglio, though he vehemently denied suggestions of burn-out, when Wasps sensibly gave him a couple of games off, looked jaded in mid-season.

While clubs and country continue their desperate pursuit of every last penny - and go on treating each other as hostile powers - the problem will remain. This is an issue that goes beyond professionalism and whether or not players are well rewarded. Rugby Union has to survive on its ability to attract and entertain spectators. Its chances of doing so will be minimal if the best players are physically and, more importantly, mentally worn out.

How to Spend It

Fashion

Designers with flair – and a touch of mystique

Clothes by Christa Davies and Cathryn Avison have attracted loyal followers, says Karen Wheeler

Christa Davies is elusive. It took two weeks of leaving messages on her studio answering machine or with an evasive assistant to get an appointment. Which was how I came to find myself on a dark, rainy evening wandering around the back of a bus station in an uninviting part of west London. Even when I had found the entrance to the huge industrial building that houses her studio there were still two sets of heavy security doors, a narrow staircase and a maze of spooky white corridors to negotiate before finding her.

This obstacle course felt as if it was less a coincidence and more a deliberate part of her mystique. "I like the idea that people really have to want to buy my clothes and have to seek me out," she says. And seek her out they do. The fashionable inhabitants of Notting Hill, west London, were sporting Christa's pretty slip dresses and cashmere cardigans long before her clothes were featured in *Vogue* and *Tatler*.

Until very recently, Davies sold her clothes from a store on Portobello market, where she built up a small, devoted following. News spread and now it seems everybody wants a piece of Christa Davies.

Cathryn Avison, 28, is another young British designer who, like Davies, makes pretty, feminine clothes and has a small but influential circle of followers. Both belong to a new breed of British designer, whose appeal has spread by word of mouth. Neither designer could be considered a big league player, nor does either hold catwalk shows or command column inches. They do not appear to court publicity. Instead, theirs are small, intimate, cultish operations whose customers tend to be women-in-the-know. Both designers count an editor on *British Vogue* renowned for her excellent taste, as an ardent fan.

"I make very feminine, slightly quizzical, and quite confident clothes which emphasise a woman's femininity," says Davies, as she conducts a fitting in her jewel box of a studio. In stark contrast to the clinical white corridors that lead to it, her workshop is swathed in colour – newly painted sky-blue floor, purple velvet curtains and a green taffeta-covered sofa. The clothes hanging on rails around the room intensify the kaleidoscope effect. The trademark pieces consist of delicately mottled hand-dyed garments: bias-cut slip dresses; silk skirts with gentle frills; velvet camisoles; and vintage-inspired tea dresses.

With a background in fine art and sculpture rather than fashion, 30-year-old Davies opened her Portobello stall four years ago, buying and restoring 1940s crepe dresses, before opting to make clothes herself. Her key strength is her eye for colour.

Although some of the dresses may be a bit too garish for many tastes, there are some exquisite colour combinations – such as a double-layered skirt with light blue chiffon on top and lilac silk underneath; a rose-coloured chiffon dress with gold embroidery; a cute cashmere cardigan in light blue with a glittery rose trim; or the same cardigan in violet trimmed with turquoise, or sage green with lilac glitter trim.

The cashmere cardigans are popular – a multi-coloured row hangs on a rail in clear plastic bags, each bearing the name of the client it is destined for. Clients love the glitter finish and

consider them the perfect spring item. Finally, they are in lovely colours. "And," says Davies, "like most of my work, they can be worn in an everyday way or be dressed up for evening."

Her clothes have certainly cut a swathe through fashionable west London. You are just as likely to see them worn with trainers and unkempt hair as with Jimmy Choo shoes and a chignon. It is also possible to go to a London club and find that an entire table is wearing Christa Davies.

Although her designs are available from such style meccas as Koh Samui in Covent Garden and the Cross in Holland Park, her best pieces, she says, can only be seen by appointment at her workshop. However, I feel it is only fair to point out that Davies is very picky about those to whom she sells.

Once upon a time, being picky was the prerogative of the customer. Not any more.

'I am not going to try and dress somebody who buys all their clothes from some stodgy store'

This novel approach to retailing famously adopted by *Voyage* – lock the door, keep potential customers out, scrutinise before you let in – seems to be spreading.

"If I don't like someone, I won't sell to them," says Davies bluntly. "You either click with my work or not. I am not going to try and dress somebody who usually buys all their clothes from some stodgy store, like my granny, for example, who thinks my clothes are ghastly. If somebody can't see the quality of what I am doing, then I can't be bothered." Her clothes certainly seem to provoke a strong reaction. "You would not believe how many people come here and are very rude," says Davies.

Some people may find it odd to think of paying £260 for a skirt which at first glance looks as if it could be run up on a sewing-machine at home in five minutes but, according to Talita Zoe, co-owner of Koh Samui, which has stocked Christa Davies' clothes for several years, they fit and hang beautifully. Many of the customers are from the art world, and the music and advertising industries.

So who would she welcome at her studio? "If someone comes in and loves the clothes and enthuses about the colours, if their spirit matches mine, then I am happy to sell to them," she says. "But if someone wants to be pampered and over-flattered, they shouldn't come here. I send them to Koh Samui or the Cross instead, as I'm not into massaging people's egos." Once massaging egos was part of the selling process but these days – for trendy labels at least – a take-it-or-leave-it attitude seems to be an extension of their marketing strategy.

Cathryn Avison, who also makes deliciously pretty clothes, albeit in a more expensive price range (around £550-£2500 for a dress) happily seems to have a more old-fashioned approach to her customers. They are all welcome. Like Davies, she also hand-dyes her clothes, but the quality of the craftsmanship in her velvet or silk chiffon dresses, some of which can take up

to a week to make, is instantly apparent. Like Davies, she is a sublime colourist, but she uses very delicate rather than intense colours. "She works in those wonderful English country garden pastels – lilacs, pale pinks, dusty greens and pale primrose," says Nicholas Sullivan of Liberty.

Avison works from home in West Sussex, preferring the country to a London headquarters, though her dresses can be bought from the most fashionable London outlets – Liberty, A La Mode and Browns. The inspiration of nature is very evident in her designs, many of which feature leaves or flowers as cut-outs or embroideries. Avison's alluring evening dresses – some hit the knee, like little shift dresses, others are full-length and floaty – also come with matching chiffon or velvet scarves to add some warmth and cover.

Her designs involve a level of craftsmanship that keeps her operation small. Her special embroidery technique, for example, involves using the sewing machine needle almost like a pencil, drawing the design on to the fabric. Each garment is hand-dyed before she carries out the cut-work – an intricate process creating floral or leaf patterns – and each design is then hand-finished. The approach is almost artisan-like and the result is that you get a ready-to-wear dress that is individual every time.

"I will never be able to mass-produce," says Avison, who started designing three years ago after graduating from the Royal College of Art, "and I don't want to."

"When we started stocking her dresses 2½ years ago," says Sullivan, "there was nothing else like it. We loved the way she used colour and the fact that every single piece was hand-dyed, hand-embroidered, hand-finished and different from the others." He points out that they look great worn at summer weddings with a Stephen Jones hat and Jimmy Choo shoes.

Her customers tend to be well-heeled. Because of the proportions, it helps if they have a well-toned body and are reasonably tall. But the beauty of Avison's clothes is that they are different without being outrageous and they are not so cultish that you cannot keep them in

The beauty of Avison's clothes is that they are different without being outrageous

your wardrobe for long. Christa Davies and Cathryn Avison have a lot in common. Where they differ is in their attitude to selling them. But you pay your money and you make your choice.

Christa Davies, by appointment at Studio 50, Great Western Studios, Great Western Road, London W9; tel 0171-289 4117. Her clothes are available from Koh Samui, 65 Monmouth Street, London WC2 (tel 0171-240 4280), and the Cross, 141 Portland Road, London W11 (tel 0171-727 6760).

Cathryn Avison can be contacted on 01730-817374. Her clothes are available from Liberty, Regent Street, London W1 (tel 0171-734 1234); Browns, 27 South Molton Street, London W1 (tel 0171-491 7833); and A La Mode, 36 Hans Crescent, London SW1 (tel 0171-594 2133).



Clockwise from top left:

- Green, hand-embroidered chiffon dress, from £850, by Cathryn Avison
- Floral print chiffon tea dress, £187, by Christa Davies
- Grey chiffon empire line dress with velvet trim, £750, by Cathryn Avison
- Blue cashmere cardigan with pink glitter trim, £234, and chiffon dot double layered skirt, from £224, by Christa Davies

Illustrations: David Downton

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HOW TO SPEND IT

Revival time for India's true artisans

Lucia van der Post previews a fair to be staged in London that provides a showcase for authentic craft talents

Indian crafts have not had a good press over the years. The strange beads, crude saris and grungy batiks that found their way into western homes in the hazy hippy days of the 1960s acted like aversion therapy for many of us - they inoculated us for years against the real charms of Indian crafts.

A visit to India itself usually changes the perception that "handmade in India" stands for anything more than cheap and cheerful. Two minutes in the markets of Jaipur, Udaipur, Gujarat and even Delhi and most westerners are clamouring to buy.

For India's craftspeople, the problem of outside perception is huge. Some 23m Indians are artisans involved in producing traditional crafts by hand. Once lost, many of the skills they have nurtured would be almost impossible to replace.

Today's craftspeople are the descendants of the stonemasons who carved the great statues in the temples at Khajuraho and Mount Abu, who painted the miniatures in Rajasthan, who wove the carpets seen in the palaces, who embroidered the textiles found in museums around the world.

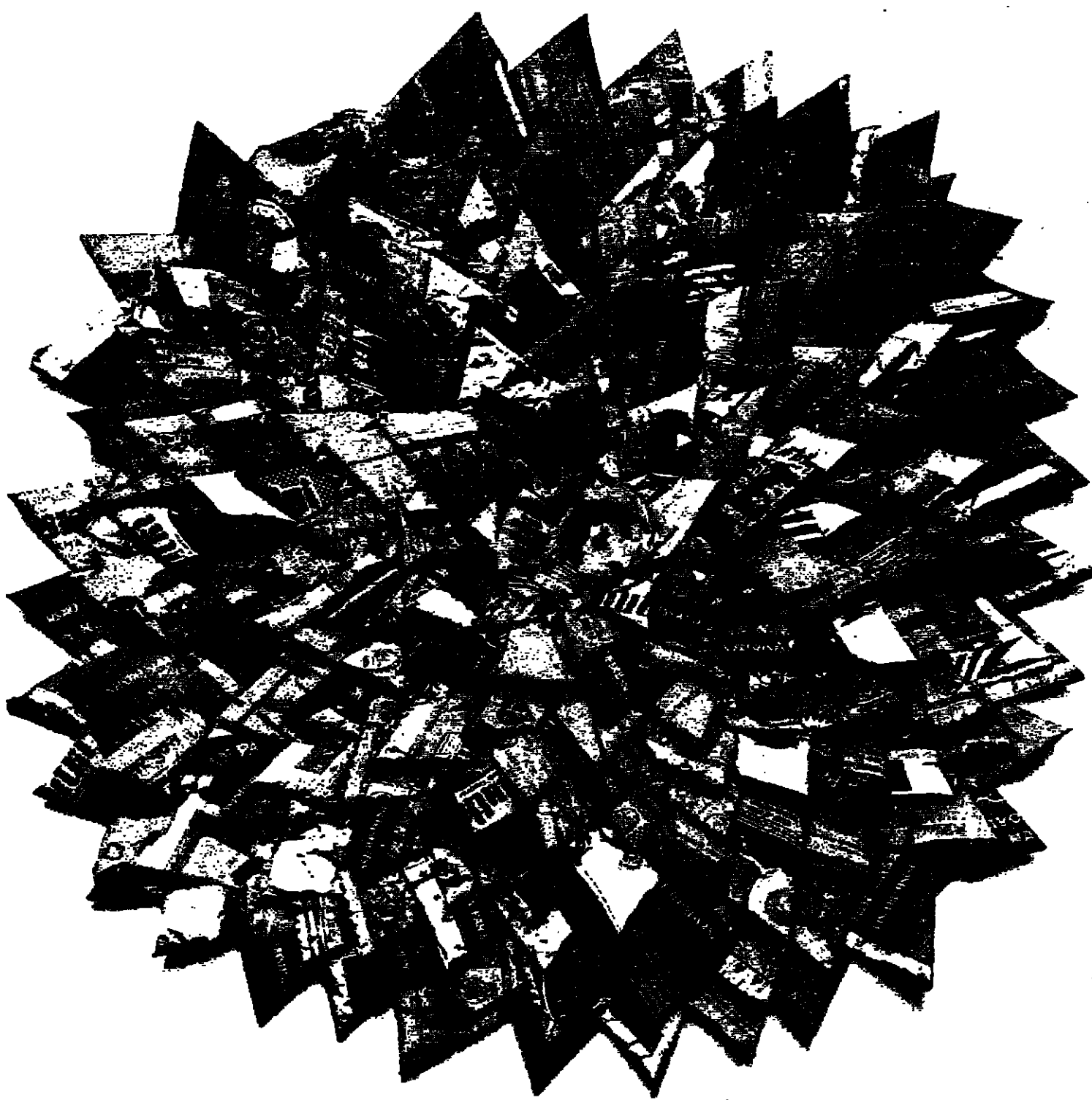
Yet how are these skills to be deployed in a world where they are not always valued and where many of the artefacts they make are no longer wanted? These are the questions the Crafts Council has sought to address in its exhibition, "Handmade in India", which opens in London next Thursday and runs until June 28.

As Bunny Page, one of the curators of the exhibition, puts it: "In India, craftspeople are mostly rural people and so they often become isolated and marginalised, but if we believe hand skills and crafts are valuable, then the people who have them must be brought into the mainstream of life and into the contemporary world."

"In India now there is a huge middle-class market and so those who can use the traditional skills to make things that are relevant today have a better chance than ever of earning a living."

There has long been an awareness in India that many of its crafts had become debased, because of the lack of a flourishing market, many of the old skills were being used to make tourist tat and cheap artefacts that could be sold on roadshows. And yet anybody who goes to India can only be amazed by the vitality of the people and their astonishing capacity for inventiveness.

Indians are the world's most ingenious recyclers - nothing thrown out that can be reused is wasted. There is even a pecking order among the rubbish searchers - household servants get first crack and the privilege is then passed down through



A mat made out of recycled triangles of sweet wrappers by Vinod Kumar Sharma from Delhi

several layers of the increasingly desperate poor until nothing is left that could be salvaged.

For the last few years strenuous efforts have been made to raise skill levels and to try to use these traditional crafts in novel ways. Professional Indian designers have been looking at the techniques, trying to understand the "language" and idiom of each craft and to draw the people who do the

Crude saris and grungy batiks in the 1960s acted like aversion therapy

making into the creative process.

Instead of merely using the craftspeople as obedient tools to make what other people dictate, the designers want to help them come to understand this booming urban middle-class market. Everything at the exhibition is a result of these initiatives and the aim is to show that wonderful items are being made for this domestic market.

"Most of what you normally see in the UK in shops such as The Conran Shop or

Habitat, which buy quite a lot in India, has the stamp of the shop on it," says Bunny Page. "It's usually been adapted to suit the buyers' and customers' tastes or doctored to suit the look for that season. What is on show at the Crafts Council is made for the home-grown (ie Indian) market."

There is pottery from Manipur, Kutch and Rajasthan, bell-metal lamps and vessels, as well as grass mats from Kerala and Tamil Nadu, embroideries, textiles (block-printed, woven, and embroidered), paper cuts (*sarjhi*) and some splendid things made from recycled material by a Delhi maker, Vinod Kumar Sharma, who specialises in rescuing the discarded and unloved. Everything is for sale and prices will range from £10 to £1,000.

As a feel for the eastern and the ethnic sweeps the world of interiors, the demand for these skills should grow - it is almost as if, in a world of computers, mobile phones, streamlined cars and other high-tech props, finely made ethnic artefacts seem more human and vibrant than their mass-produced counterparts. But its appeal depends on it not going mass-market - the finely made pieces at the Crafts Council seem to bring an unusual warmth and human scale.

But the Crafts Council



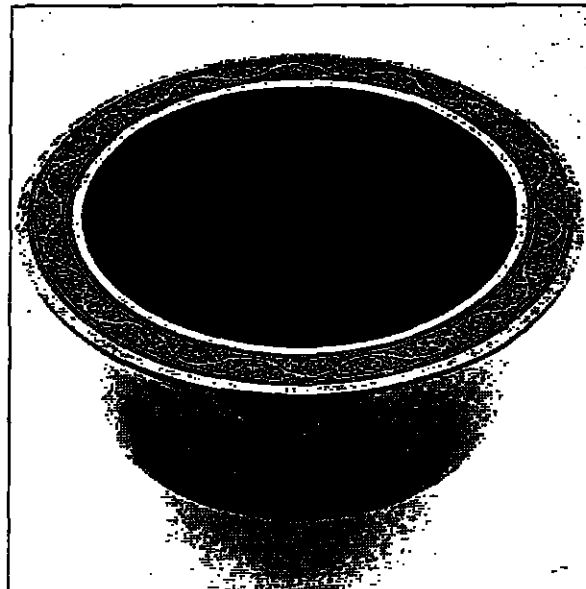
Detail of Chamba Ruma embroidery produced by Parul Dhar from Himachal Pradesh

exhibition is not the only place to see and buy authentic Indian handicrafts. A visit to Southall or Brick Lane gives something of the flavour of authentic India - make a day of a visit and seek out some of the best kormas and tandooris outside the subcontinent.

Saris can be bought for as little as £5 (though whether they should be is another matter) while splendid wedding saris shot through with real gold can be bought for hundreds of pounds. Saris

have long been a staple in the interiors of the trendy but impecunious - they make terrific curtains, bedspreads, and tablecloths. Fabrics (New Rainbow Textiles at 98 The Broadway, Southall, is generally agreed to be the fabric Mecca) are brilliant - as dragonflies, *Chikankari*, which consists of shadow white on white embroidery. A 45cm square cloth and eight napkins cost just £45.

There is also Banjara embroidery made by a once



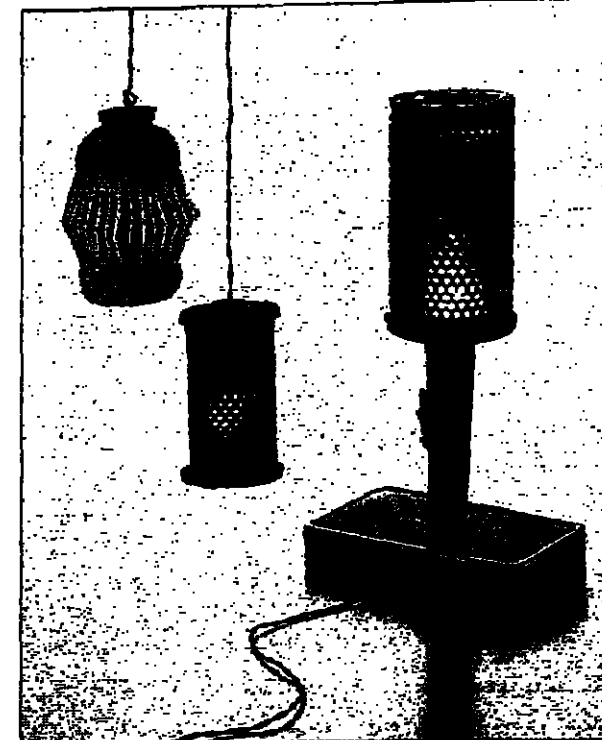
These large wooden bowls with carved rim were crafted by Abshar Hussain from Uttar Pradesh

Indian organisation which aims to raise the visibility of Indian crafts.

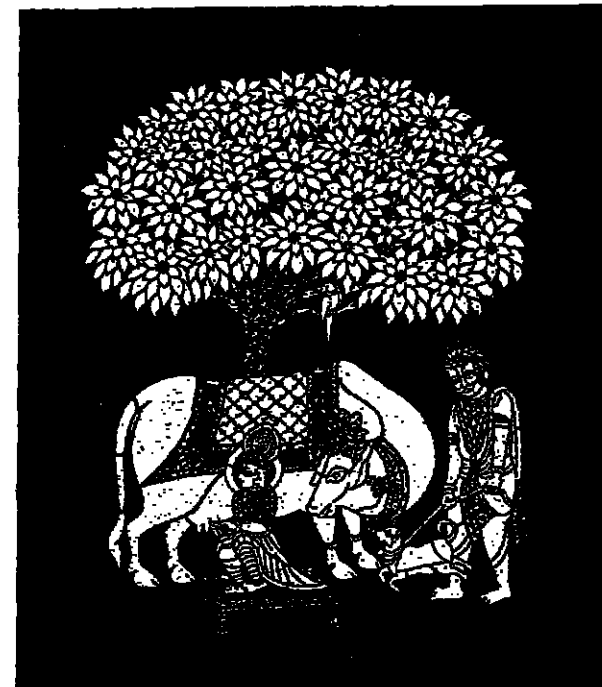
Some of the results can be seen - and bought - in the store now. There are enchanting tablecloths made by Moslem women in Lucknow using an ancient craft recently revived called *Chikankari*, which consists of shadow white on white embroidery. A 45cm square cloth and eight napkins cost just £45.

There is also Banjara embroidery made by a once

nomadic community which has settled in Maharashtra and Andhra Pradesh. Their speciality is lively decoration, cowrie shells, cotton and woollen tassels and mirror work. The store sells hangings, bags, cushions, and embroidered slippers. It is particularly proud of the block-printed fabrics by Rashid Bhal of Jaipur who is descended from a long line of block printers and who can trace his own family's work back for 200 years. There are long scarves in



Glow from the east: Three lights made from recycled materials by Vinod Kumar Sharma of Delhi



Traditional paper cuts (sarjhi) made by Vijay Kumar Verma from Uttar Pradesh

silk, silk and cotton and fine cotton. Some of the fabric has been woven at Chandar where the fabric used by nobility was traditionally woven.

Egg, of course, has the sophisticated designs of Asha Sarabhai who takes the traditional hand-woven *khadi* cotton (the weaving of which Gandhi felt would save the soul of India) and turns it into contemporary clothing based on traditional Indian shapes. Sarabhai also uses other textile skills such as tie-dyeing and hand-stitched embroidery to make exquisite one-off pieces.

Shops selling Indian and other ethnic furniture and artefacts include:

- The Conran Shop, 81 Fulham Road, London SW3
- The Crafts Council, 44a Pentonville Road, Islington, London N1 9BY
- David Wainwright, 63 and 251 Portobello Road, London W11
- Egg, 36 Kilmerton Street, London SW1
- Jaipur Designs, 13 Goodge Street, London W1
- Josie Graham, 10 Eccleston Street, London SW1
- Livingstone's Studio, 36 New End Square, Hampstead, London NW3
- Museum Store, 37 The Market, Covent Garden, London WC2E
- Ritu, 16 North Audley Street, London W1

Just what mother favoured

Rachel Riley's range of children's clothing has become a cult among a small group of mothers (and, I dare say, grandmothers and godmothers) in the know. From her base in France, Riley has developed a unique collection based on fine fabrics and designs. It should be said at once that these are not everyday clothes. Don't look to Rachel Riley for clothes for the sandpit or the rough and tumble of the school playground. Gap or Mothercare it is not. These are clothes that Christopher Robin almost might have worn, clothes for special occasions, for parties, for christenings, and for ravishing the eye and pleasing those who prefer their children clean, sweet and old-fashioned.

Everything is made in workshops by the river Loire and finished by hand. Girls' dresses come with "invisible" hems of 10 cms. She uses fine Tana lawns, hand-smocking, pure cotton, wool and cashmere. Those wanting to give a new mother a present could hardly do better than look at Riley's catalogue. These are



Pure cotton pyjamas with white satin piping and frogging trim. In pink or blue, available for children from 3 years and upwards and for women in sizes 8-10. Prices range from £28 to £75. Button strap slippers from £32

the luxury frills of babyhood and childhood, not the essential things that mothers usually buy themselves. Here are white

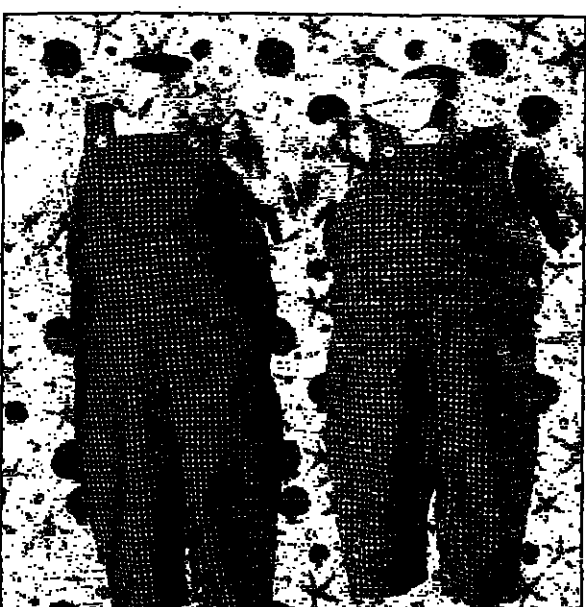
piqué baby suits, Tana lawn baby suits with sweet little collars and buttons, bonnets with frills, gingham bathing suits with skirts and



Cotton Tana lawn dress with matching knickers and sun hat. Up to 3 years old. Dress and knickers, £44-£48, sun hat, £19

halter-neck ties. For children's parties or special occasions there are Tana lawn floral print dresses with hand-smocking

and embroidered organdie dresses. Mothers from all over the world, it seems, come to Rachel Riley for the button-up "Mary" shoes



Cream linen baby shirt, £25, cotton canvas dungarees, £29

which are almost impossible to find anywhere else. Boys have not been forgotten - for smart wear there are cream linen baby

shirts (£25) and sweet checked dungarees as well as smocked baby suits (£49). There are long-line short trousers - usually so hard to

find - in linen tartan, £30, in beige, navy, or navy gingham, £25.

Good presents for new mothers are cellular woollen blankets with Liberty floral print borders (£45) or cream edged with cream silk damask (£55).

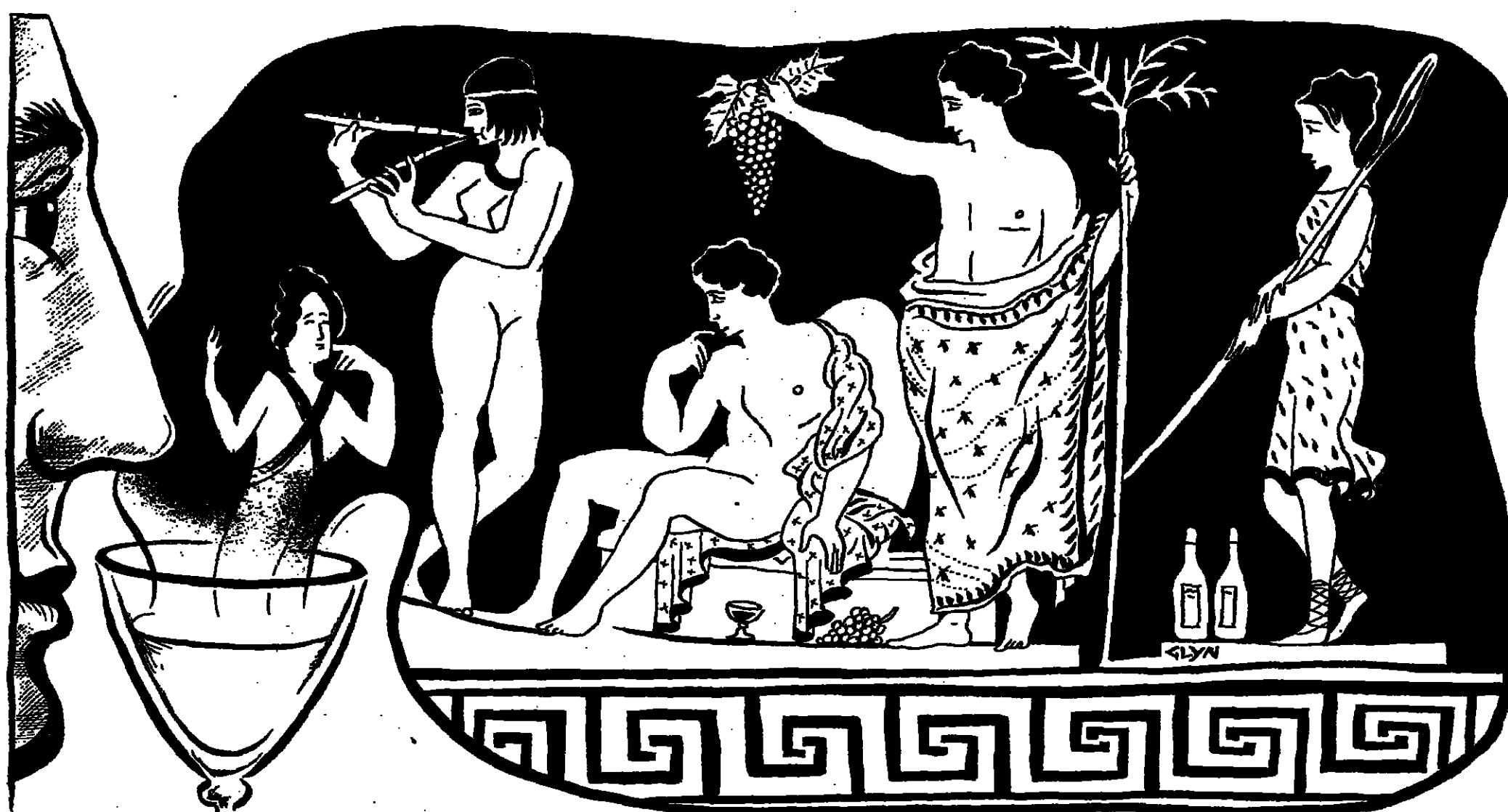
The pure cotton pyjamas with white satin piping and frogging trim are another of her most popular items - she does them in pink or blue for children from three years old and upwards (prices start at £38) but she also does them for women, sizes 8-14 at £75 a time.

Rachel Riley will make bridesmaids and page boy outfits from its own or the customer's fabric and is happy to discuss any special orders. Although the business is based at La Roche Fraissard, Gennes, in France, it dispatches clothes for next-day delivery in the UK and for same-day delivery in central London. But the big news for Rachel Riley fans is that she is soon to open a shop at 14 Pont Street, London SW1.

In the meantime to order the catalogue ring + (33) 2 41 38 04 93 or fax + (33) 2 41 38 02 20.

L.v.d.P.

FOOD AND DRINK



Welcome Greeks bearing wine

Chardonnay could go the way of Liebfraumilch, but Jancis Robinson is still excited by some unlikely sources

Chardonnay, supposedly the world's favourite wine, seems to be suffering from rather a dip in its fortunes – just as a green wave of new plantings in California, Australia and everywhere in between is set to result in an estimated 75m extra cases a year.

Recently, *Wine Spectator*, America's most popular wine magazine, asked its readers about their wine preferences. Fewer than 7 per cent of respondents nominated Chardonnay as their favourite; Cabernet Sauvignon and a host of red wines were nominated instead.

Is this the beginning of the end for Chardonnay? If it means that in the shallows of the wine market people are rejecting cheap Chardonnay as a replacement for Liebfraumilch, both bland, sweetish mixtures of alcohol and water, then I am delighted.

If we are to be more welcoming towards the host of white grapes with seriously interesting flavours (oddly enough, there seem to be more whites than reds in this category), then this also seems to me good news.

But there will always be a place for thrilling, seriously char-

acterful Chardonnay, as the well-heeled inhabitants of Burgundy villages such as Meursault, Puligny-Montrachet and Chassagne-Montrachet know.

Last week's intake of Chardonnays comprised one from Oregon, three from Australia, one from Argentina and one from Greece, varying in price from \$5.99 for a Richmond Grove 1996 Cwra bottle from Victoria Wine, to £140 a case in bond for the exotic Bindi 1996 made in Victoria's Macedon from Seckford Wines in Suffolk; each of these is Australian.

The most exciting – and best – was the Greek one, \$2.99 from Oddbins, a Chardonnay 1996 Antepoulos, a small but highly respected winery in the Peloponnese. Just to add respectability, this domaine specialises in Greek wine varieties, but I suppose Oddbins' buyers thought they had better wean their customers on to Greek whites via the C-word rather than such native marvels as the indigenous Lagorthi grape, almost literally unearthed by the late Constantine Antonopoulos himself.

It tasted so spicy, lively, lemony and savoury that I am still convinced that it is haunted by

the ghost of a great Greek grape. But it is also incontrovertibly Chardonnay, in a nervy sort of way. And, lest you worry about Greek whites previously sampled, it has not even a whisper of that left-in-the-restaurant quality that has marred so many of them. A supercharged cocktail of nuts

Is this the beginning of the end for the world's favourite wine?

and minerals with just 12.5 per cent alcohol, this is a wine for lovers of Coche Dury-like Meursaults rather than richer expressions of the white burgundy grape.

For them, there is my second favourite in this line-up, Norton Mendoza Chardonnay 1996 (\$5.49 Oddbins). I swear I do not set out to favour Oddbins' wines; the chain's buyers simply work harder at the cutting edge of the wine world.

I remember visiting Norton, an Austrian-owned bodega in Argentina's Médoc, Luján de Cuyo, early in 1994.

I was impressed by the outfit's ambition, its viticulturist, and some of its reds. But tasting one of its first Chardonnays in the expectant company of its head honchos was one of my more embarrassing experiences. I could not even fall back on that old standby "interesting".

Well, what a way Norton has come in four years. As indeed has the Argentine wine industry in general.

This 1996 Chardonnay is a model of the richer style of burgundy, a New World Louis Latour perhaps, with lots of less stirring and milky malo character but not – unlike many an ambitious New World Chardonnay – too much.

It has oodles of alcohol, but then so has many a white burgundy.

Interestingly, my third favourite in this small line-up came from another terra incognita as far as Chardonnay (or indeed vines of any sort) is concerned. McWilliams 1996 Barwang Chardonnay comes from one of the scores of exciting new cool areas

being planted apace in New South Wales, but is not currently exported.

I was intrigued to taste a wine made by Bindi, of the Macedon Ranges again, having previously been impressed by this producer's refusal to follow the standard recipe. This 1996 Chardonnay carries the name Kostas Rind. What with Macedon and Kostas Rind, there is a suggestion of something swept up off a taverna floor here, but according to the back label, Rind was "a Lithuanian sage who epitomised wisdom and humility".

This 1996 Chardonnay is very open, yet much drier and more gently substantial than the Oz archetype. Definitely reminiscent of, but slightly more sluggish than, the venerated Chardonnay from cooler parts of Victoria, which is available in strictly limited quantities at £27.95 from Uncorked of London EC2.

The Oregon wine was the 1996 from King Estate's cheaper (but more precise and expensive looking) Lorane Valley range (which is just a little bit simple (and surely has some more aromatic grape blended in to give it an interest and fullness?). But then

it is designed to retail in the US for only \$10...

Other Chardonnays that have impressed recently include the best Navarre white to have come my way, Chivite Colección 125 1996, about £11.45 from Wright Wines of Skipton, Reid Wines of Hallatrow and Playford Ros of Thirsk, a barrel-fermented specimen that seems to have lost some puppy fat (although the 1996 is even better).

And New Zealand's best Chardonnays seem to be raising their game.

Allan Scott 1996 Chardonnay \$9.98 from Lay & Wheeler of Colchester has not only the crystal clear acidity that defines Marlborough fruit, but real depth and length of flavour, too. John Armit Wines of London W11's answer to this wine is the debut, 1996 vintage of Serecin, another Marlborough enterprise, started up in 1992 by London-based filmmaker Michael Serecin.

The regular Chardonnay is £130 a case, the Reserve £180. With wines made by ex-Brazuriz (Chile) Brian Bucknell, this, like the Dry River whose profound wines are available from Raeburn Fine Wines of Edinburgh, is a New Zealand estate to watch.

Appetisers Sarnies still the tops

Virgin boss Richard Branson likes his crispy and Blind Date match-maker Cilla Black likes hers with chips. We are talking sandwiches, of course.

Branson says the B.L.T. is his favourite and Cilla likes chips between two buttered slices of bread with salt and vinegar. But do we care?

Well we should, according to the British Sandwich Association, which says sarnies can provide a balanced meal for those with hectic lifestyles. To this end, it has encouraged a number of personalities to come out with their sandwich secrets for British Sandwich Week (May 11-16).

Now you might not think there was much need for such a promotion when every man, woman and child in the UK already eats an average 37 shop-bought sandwiches a year, but apparently there is.

Although the association says that the sandwich is still Britain's No 1 fast food (41 per cent of the market) the dreaded burger is in second place (18 per cent).

So do your patriotic duty next month and in memory of the Earl of Sandwich, inventor of an integral part of the British way of life, order a rare roast beef with English mustard on crusty white bread.

Jill James

■ A visual feast is on offer this month at Bolton museum and art gallery. The Art of Eating, an exhibition which documents the fascination artists have had with food throughout history, lasts from April 14 until July 7.

The show brings together a selection of paintings from national and regional galleries and includes still lifes and café scenes.

JJ

■ Now that Easter is imminent, not a bunny or an egg is safe. And Green's Restaurant and Oyster Bar, at 36 Duke Street, St James's, London SW1, is planning to put that rare English delicacy, gulls' eggs, on the menu. Harvested on the south coast, the blue-illuminated eggs are available for only six weeks of the year.

The harvest is strictly regulated by government licence from April until May 31; this year's is expected to start on April 15, weather and egg-laying permitting. For reservations at Green's, tel 0171-930 4566, fax 491 7468.

JJ

Cookery/Philippa Davenport

Easter is now in smaller portions

Lamb, chicken and rabbit are the traditional choices of meat for Easter celebrations in Britain, but few families now are large enough to justify cooking a saddle of lamb.

Even a leg may be too much to down at one sitting, and there is little taste today for eating the remains all week – "hot on Sunday, cold on Monday, hashed on Tuesday, minced on Wednesday, curried on Thursday, broiled on Friday, cottage pie on Saturday", as the Victorian jingle put it.

For one thing, the leftovers from a roasted joint are more expensive than, and not necessarily as good as, fresh meat from cheaper cuts for making many of these so-called rechauffe dishes.

Second, meat plays a far less important role in our menus today, no longer making a routine daily appearance at table.

Fish has come to the fore, one main meal per week will

probably be vegetable-based, and pasta and rice tend to feature strongly.

Even a whole chicken or rabbit may be more than today's one or two person households will want to cook.

It is true that a poussin is small enough to be polished off pretty quickly, but such an intensively-bred juvenile bird has so little flavour that it seems a waste of money to buy it.

You will get far better value from, say, the dark meaty thighs of properly reared and matured free-range organic chicken.

RACK OF LAMB WITH POTATOES & ARTICHOKES
This little joint of best end of lamb cutlets is tailor-made for small numbers. I shall

probably serve it on Easter Sunday, preceded by purple sprouting broccoli with Hollandaise sauce for dipping, and follow it with a classic cold lemon soufflé.

Autumn-born Dorset lamb is good just now, but do not let your butcher trim it too assiduously. I love crisply cooked lamb fat when sizzling hot. Even if you do not, it ought to be there to protect and baste the meat as it cooks. Paint the lamb lightly all over with olive oil, grind black pepper over it, then rub the fat only with salt.

Scrub and thickly slice some small waxy potatoes (not Jersey Royals: the few that creep into the marketplace this early are grown under glass, weak on flavour, high on price). Boil for 10 minutes or until almost

done, drain well and turn them in a little olive oil and black pepper in a shallow dish or roasting pan.

Lay the lamb, fat side up, on a grid suspended across the potatoes and roast for 15 minutes at 200°C (400°F) gas mark 7. Reduce the temperature to 200°C (400°F) gas mark 6, tuck some tender, halved artichoke hearts in among the potatoes, and roast for 10-15 minutes more. Then let the lamb relax for 10 minutes or so before stirring a few snipped chives, chopped mint and parsley into the vegetables for serving.

In countries with milder climates than Britain's, baby globe artichokes are in season now. Some may be flown in for chefs and lucky shoppers in London, but most of us will have to make do with the best artichokes bottled in oil we can find. I mean artichoke hearts, the tender inner parts of young artichokes, not the cup-shaped bases, which are correctly called artichoke bottoms.

I have successfully used Watmore own label "Italian sliced artichokes", actually halved artichoke hearts, which are tender, but not too soft, and retain their delicate artichoke flavour quite well – though I wonder why they have been bottled in a blend of extra virgin olive oil and sunflower oil.

In the absence of suitable artichokes, boil some young broad beans (they will probably have to be frozen) and add them to the potatoes at the same time as the herbs.

CHICKEN WITH TARRAGON CREAM, LEEKS & BARLEY
This is my contemporary variation on the old-fashioned and delicious but distinctly richer chicken in a

tarragon cream sauce. Chicken thighs are sautéed to drain them of fat and to crisp the skin as they cook, served in a nest of quickly cooked ribbons of leek that have been seasoned with tarragon and glossed with a few spoonfuls of cream; barley, boiled in chicken broth is served on the side, in lieu of

potatoes or rice. Four chicken thighs, 150g trimmed and cleaned leeks, and 50g barley will do for two people.

The barley should be soaked overnight, drained, thoroughly rinsed and par-boiled in salted boiling water for 15-20 minutes, then simmered for much the same time again in flavourous home-made chicken stock with a sprig of tarragon.

Put the chicken joints skin side down into a fatless, very hot sauté pan. Sauté them for 20 minutes, spooning off most of the fat as it is rendered. Cook them briskly skin side down for most of the time but turn them occasionally and lower the flame to seal and lightly colour the fleshy underside without toughening the meat.

Cut the leeks (tender green parts as well as white) into very fine rings so they fall in ribbon loops. Stir-fry them very gently in a modicum of chicken fat left in the sauté pan; 3-5 minutes

should be enough to wilt and soften them.

Remove them and deglaze the pan with 100ml good chicken stock enlivened with ½-1 teaspoon tarragon wine vinegar. When greatly reduced, stir in 4 table-spoons double cream or crème fraîche and about 2 teaspoons fresh chopped tarragon. Let the amalgam bubble up briefly, draw the pan away from the heat, add the leeks and turn them to anoint them creamily for serving.

SMALL STEW OF RABBIT WITH FENNEL & OLIVES
Rabbit, like pigeon, is a meat that is best cooked either very briefly or at considerable length. Here I have opted for the former and have used 4 thick slices of saddle to serve two people, each piece weighing about 75-80g each.

First, make an aromatic mix with ½ teaspoon crushed fennel seed, the leaves from a couple of sprigs of thyme, the zest of half a clementine or mandarin orange, 2 finely chopped garlic cloves and half a finely chopped green chilli.

The rabbit and the vegetables should be cooked simultaneously in separate pans. Start the rabbit first. Dust the pieces of meat with seasoned flour. Fry them over gentle heat in a little

hot oil in a sauté pan for 5 minutes to colour lightly all over.

Stir in half the aromatics and pour on 4 tablespoons of dry vermouth. As soon as the liquid bubbles up, cover with a sheet of greaseproof paper and a well-fitting lid. Cook over a minimal flame, using a heat-diffuser mat, for 10 minutes, turning the meat once or twice. Add the chopped fennel fronds and some black olives and let the rabbit and its juices rest in a low oven until the vegetables are ready.

For the vegetables, colour wedges cut from a smallish fennel bulb in a smidgeon of

hot olive oil in a flameproof casserole, and remove. Add 150g or so waxy potatoes cut into chunks, and the remaining aromatics.

Stir for a few seconds, pour on 250ml stock and bring to the boil. Cover tightly and simmer for 5-10 minutes. Then lay the fennel wedges over the potatoes, cover tightly again and cook for 10 minutes more or until the vegetables are done to your liking.

Pound a few saffron filaments. Steep them in a couple of spoonfuls of the vegetable broth for half a minute, then cream the golden liquid smoothly into 2 tablespoons of mayonnaise. Stir this mixture into the vegetable stew. Add some fresh chopped parsley, the rabbit and every drop of its juices, and let the stew stand for 5 minutes before serving in soup plates.

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PROPERTY

Dealing in peppercorns

Gerald Cadogan on how a landlord has increased its property values by cutting ground rents

Peppercorn ground rents and 99-year leases have not traditionally been uttered in the same sentence as Grosvenor Estate, smart central London's largest landlord.

But Grosvenor has changed. It knows that it needs the best residents living in its properties to keep values high. And to attract them, it now offers peppercorn ground rents (the landlord's annual due for use of the site), longer leases, and earlier renewal.

Grosvenor will now grant 99-year leases (except in Eaton Square, which it sees as a special case), and is ready to renew leases when they have 40 years (or less) left to run. Formerly, it would not renew leases until there was 20 years or less of life left in them.

And on enfranchisement (tenants obtaining the freehold of a property), there is a new attitude: "We want to be approachable, do business and not be difficult," says Colin Redman, Grosvenor's London estate director.

This fundamental and realistic switch of attitude is a powerful boost to the long-term desirability of Belgravia and Mayfair, and is helping to maintain their values. In Mayfair, houses are now worth over £700 a sq ft, says Mount Street agent Peter Wetherell, and the four penthouses recently sold at Fountain House on Park Lane for just under £1,000 a square foot have established a new benchmark for apartments.

The changes make good commercial sense for Grosvenor. If it has the best type of residents, whether tenants or freeholders, who have the means to live in one of the priciest parts of London, values will stay high, provided Grosvenor maintains the quality of the place. Tending the estate gardens is vital, as is sticking to the strict timetable for painting that makes Belgravia look so smart.

The moves that have put "Grosvenor-land" back at the top of the London estates pile came about after estate agents told Grosvenor last year that values were being depressed because of its policy on leases, says Wetherell. Redman agrees that "Chelsea and Kensington was becoming more popular than Westminster (which includes Belgravia and

Mayfair) because there were more freeholds." Now, however, "demand in Belgravia is quite strong, if not stronger".

Grosvenor has swept away its policy of granting only 65 or 75 year leases, with ground rents starting at £1,400 a year. Such rents put many of Grosvenor's properties above the threshold at which enfranchisement was allowed. But once the 1996 Housing Act removed the "low rent test" for leases longer than 35 years, ground rent was seen differently. "It is an irritant for the tenant to pay and for the landlord to collect," says Redman.

Ground rent costs a lot of time and money, agrees Wetherell, especially in working out what the right amount should be in periodic reviews. In spite of its drawbacks, however, he still believes it is worth Grosvenor continuing to review and renegotiate ground rents on its existing leases.

On length of leases, 75 years was less than people wanted and led relatively quickly to properties becoming "diminishing assets" (the tenant's value in the property becoming quickly reduced).

And only allowing renewal of leases at 20 years or less left a long "pre-renewal" period during which mortgage providers felt the time remaining on the lease provided insufficient security. It also meant leaseholders had to renew near the end of the term, by which time the balance of value in the property has swung to the freeholder (see chart), and which left them having to make a huge payment to renew.

The new policy is more flexible. Leases are available for 99 years at a peppercorn ground rent. This does mean, however, paying a larger premium to renew since, says Redman, it now includes the ground rent upfront. The final figure is likely to be within 5 or 10 per cent of the freehold value of the property.

Alternatively, Grosvenor will offer less costly medium-term leases of between 45 and 55 years. There are also tenancies as assured shorthold lets or short leases, which provide a good income for Grosvenor.

What cheers leaseholders most, Redman finds, is now being able to renew with 40 years still to run on a lease, at which point they still hold the majority of the value, and consequently need less cash to top up the term.

Eaton Square is the jewel in the estate crown, and here Grosvenor policy is to protect its freehold from enfranchisement by offering shorthold and short-lease lets, and 20 or 75-year leases.

As flats in converted houses form much of the accommodation in Eaton Square, Grosvenor can feel fairly confident of retaining this long-term asset. Collective enfranchisement of flats is proving the least popular option under the new legislation, as it is hard to get the flatholders in a block to agree on how to run the building or split the costs, even if they pass all the legal tests. Grosvenor has had only three collective enfranchisements under the new legislation, and only five takers for 90-year lease extensions - another recent option.

But buying the freehold of one's house is popular. Of around 1,350 Grosvenor houses, 383 have been enfranchised since 1993.

Following an important decision on Grosvenor property in Eaton Mews South by the Leasehold Valuation Tribunal, which arbitrates in valuation disputes, the estate bases its leasehold

negotiations on a 50:50 split of the marriage value (MV) and a yield of 6 per cent.

MV is the difference between the value of the freehold with vacant possession and the sum of the landlord's and tenant's interests - in effect, the sum either party would pay if buying the other's interest.

The yield is a figure used to calculate the sum that would need to be invested now in order to equal the freehold value of the property on expiry of the lease. The lower the yield, the more the tenant would need to pay now to achieve the future value. And the best property commands the low-

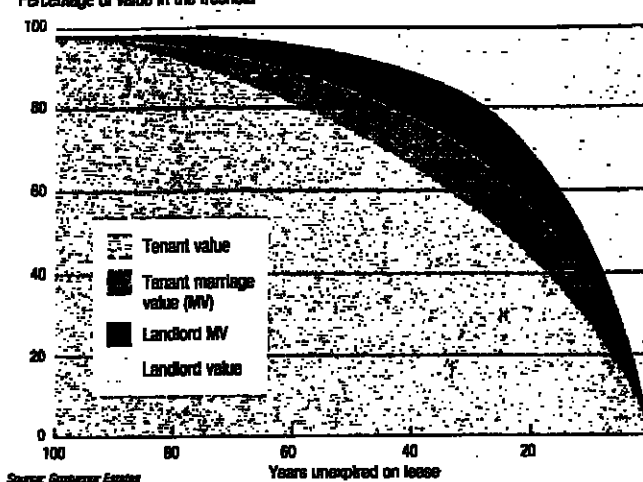
est rate. In central London, it is established at 6 per cent.

Other factors involved in lease negotiations are assessing the vacant possession value of the freehold and the relative values in the property that belong to the freeholder or the leaseholder at any time during the term of the lease. Grosvenor has put this information for its properties on computer disc and released it to agents and surveyors. It is a complicated area, but, says Redman: "We are demystifying the process."

■ The Grosvenor Office is at 53 Davies Street, London W1Y 1FH (0171-408 0988).

Balance of values in leasehold property on Grosvenor's London estate

Percentage of value in the freehold



Source: Grosvenor Estate

On the Move

Buyers find shortage of ideal homes

House-hunters are having to compromise - and pay higher prices, says Anne Spackman

The first sales of spring suggest the country house market west of London is on the rise again this year. The buying agency Property Vision has been involved in two purchases in Hampshire where the houses have gone for more than they would have last autumn. Now the Westrow Estate in Dorset has been quickly and quietly sold - by Humberts - for "well in excess" of its £1.1m asking price.

Westrow was on the market for the first time since 1768, when it was acquired through marriage by the Warry family. The main Georgian house was a comfortable family home, rather than a grand estate house, set in 95 acres of attractive mature parkland and woodland, with a lake. Nevertheless, the asking price was high for a house beyond normal commuter limits.

Nicholas Ashe of Property Vision says it is the continued lack of properties for sale which is forcing buyers to pay ever higher prices. He says it is also forcing them to compromise over such unpopular drawbacks as road noise, in a way they refused to in previous years.

View points

Views are increasingly cited as an important criterion for buyers, with those over water commanding substantial premiums. In Wales, even the best views still

come relatively cheap. From Fermo Farm, set in the hillside of the Snowdonia National Park, has stunning views across Lake Bala to the Welsh mountains beyond. The five-bedroom stone farmhouse sits in 75 acres of land, with two streams running through the grounds. Jackson Stope & Staff in Chester (01244-328361) is asking £365,000.

In the west country, three houses with lovely estuary views are for sale. The first is Nothe House in Weymouth, a former coastguard captain's property, overlooking the harbour. Grade II listed, the four-bedroom, four-square house is for sale through Humberts in Blandford (01258-452343) for £290,000.

Along the coast in the sailing town of Salcombe, five newly converted apartments are on the market with views directly across the estuary to the beaches of East Portlemouth. With 999-year leases, they are priced between £138,000 and £250,000, from Marchand Pettit in Kingsbridge (01549-857688).

Still further west in Cornwall, John D. Wood is selling Pen an Mor, a listed early 19th century townhouse, on the esplanade at Fowey. It has the bonus of a double garage, which can be used as a boat store, and steps leading down to a private mooring. The three-bedroom, two-reception room house is being sold



The Westrow Estate in Dorset: sold for 'well in excess' of its £1.1m asking price - high for a house beyond normal commuter limits



Nothe House in Weymouth, a former coastguard captain's property, on sale for £290,000

through the Winchester office (01962-963131) with a guide price of £325,000.

The Great Barn at Stanton St Bernard near Marlborough looks out over countryside, rather than water, with views directly

on to the Alton Barnes White Horse. The barn is unusually large, with seven bedrooms, four bathrooms and a 40ft vaulted drawing room; it is in very good condition. At £675,000 from Humberts (01672-563265) in

Pewsey, it is substantially cheaper than a purpose-built country house of the same size.

Modern London
Knight Frank is selling two

houses with striking modern interiors in central London. The first, Britannia Studios, is just off King's Road in Chelsea, overlooking a private garden. It has more than 5,000 sq ft of accommodation, mainly on two floors, including huge reception rooms, a sound-proof entertainment room with swimming machine and five bedrooms. Offers in the region of £2.5m are invited for a 999-year lease, plus a share of the freehold from Knight Frank's Sloane Street office (0171-924 6171).

Across the river in Battersea, the same office is selling The School House, the only freehold property in the development known as The Village. The four-storey house is decorated in strong block colours and has a vast studio room with separate entrance on the ground floor. With 2,500 sq ft of living space and a large roof terrace, the asking price is £950,000.



Lowly cattle sheds, where a great country mansion once stood. Today, the cows enjoy the views

London Life/Gerald Cadogan

The strong flavours of Camden

The best news in Camden, London NW1, is that Mornington Crescent Tube station is about to reopen after refurbishment work that began in 1992. At times, it seemed that the station, painted by artists of the Camden Town group including Walter Sickert and Spencer Gore, would stay closed for good.

Resuscitating Mornington Crescent will ease the pressure at the next stop, Camden Town, where vast crowds mass on their way to the market at Camden Lock, on Regent's Canal. Arriving by car is not easy since Camden has tightly zoned residents' parking, even for most of the weekend, and the meters are costly. But the bus connections are as good as any in London.

Camden itself has a strong flavour that separates it from the rest of the London borough to which it lends its name. Its core is the area of early 19th century houses around Camden High Street that stretches up towards Regent's Park. At the edges it blurs into Regent's Park and Primrose Hill on the smarter side to the west, Kentish Town to the north, and Somers Town and Fitzrovia to the south. But it is distinct from all these.

Camden has a rich mix of society and cultures. It is popular with writers, artists, architects and designers because it offers good housing at better prices than in Notting Hill - or even Primrose Hill. In smart terraced streets, such as Albert Street, freehold and council houses are side by side with no way of distinguishing between them from outside.

On the other hand, homeless people have been plentiful in Camden ever since Lord Rowton built Arlington House hotel in 1905, with cubicles for 1,150 men.

Camden is popular with the Irish, and it still has quite a number of Cypriots, who arrived after the second world war but have gradually moved to more northerly parts of London.

It is packed with pubs, although probably fewer than in 1900, and its food-shops and restaurants are polyglot and multi-ethnic. One of the newest is Le Mignon, Lebanese on Delancy Street (where Dylan Thomas once lived). But the music halls, for which Camden was famous, have gone, except for the Camden Theatre at the south end of the High Street, which Ellen Terry opened in 1900.

The shops on Parkway, which has fewer estate agents than similar streets in Hampstead and Highgate, give the flavour of Camden. The Regent Book Shop at the top end sells books signed by local authors who have

national reputations, while down the hill, the early 20th century facade of Palmers pet store proclaims "monkeys" and "talking parrots". Near Camden Town station is the new Odeon multiplex cinema, a newsagent selling Irish newspapers, and the Jazz Café.

Camden also offers examples of good modern design, notably Nicholas Grimshaw's Sainsbury's (built 1988), next to St Michael's church, Camden Town (Bodley & Garner, completed 1994), and Serge Chourmyeff's 1930s modernist white warehouse for Gilbey's gin in Jamestown Road. This has been converted into the Gilbey Building, where

Stickley & Kent offers a penthouse with views over Camden Lock for £450,000.

"But unlike Clerkenwell," says the agent Jacob Papi-neau, "Camden has only a smattering of redundant commercial buildings to convert."

Of the few that have been available, several were piano factories, once a local speciality. In a conversion in Miller Street, off Camden High Street, S&K offers a penthouse for £155,000, and, round the corner in Arlington Road, a second floor flat

For the time being, Camden is outside the fashionable property belt

for the same price.

Camden's 19th century terraces provide far better value than similar housing in nearby Primrose Hill, where prices rose steadily from 1993 until stabilising last autumn, says Papi-neau. The effect has been to make Primrose Hill part of the central London market, he says.

For the time being, Camden is outside the fashionable property belt that runs from Notting Hill, through Little Venice, to Primrose Hill and up to Hampstead.

This means a house on the south-west side of Albert Street, with five storeys and a garden facing south-west, might cost £250,000, when in the Primrose Hill area it would be at least £100,000 more - and a house sold recently in Regent's Park Terrace for £995,000. As buyers realise the value of the area, and how much more convenient it is than Primrose Hill, Papi-neau expects the Camden gap to narrow.

In Arlington Road, S&K lists a house at a cheap £335,000, although it does not have a garden. In Albert Street, a top-floor studio flat costs £134,000. In Mornington Place, Tailors offers a lower ground-floor flat for £97,000 and one in Delancy Street for £139,950. In Oval Road, on Camden's border with Primrose Hill, the agent lists a house for £525,000.

■ Stickley & Kent, 0171-267 2055; Tailors, 0171-492 6622.

Build your own country house

A huge Victorian mansion and its terraced gardens once looked over the parkland at Warter Priory. Today, the occupants of modern cattle sheds built on the site of the demolished country house enjoy the view.

The 100-room house on the 11,910 acre estate on the Yorkshire Wolds, which is now on the market, was knocked down in what is described as "a process of rationalisation", after the fourth Marquess of Northampton bought the estate 90 years ago.

Now, it could be the cattle sheds' turn to make way for a new country house, to be built in their place.

Planners have agreed in principle that the site, in its 214 acres of wooded parkland, is of sufficient quality to warrant an application for "a substantial new house of architectural merit".

Should the estate's new owner require something a little simpler, there is Warter Farmhouse, which

the present Marquess uses on his visits. Begun in stone and brick in 1630 and restored and enlarged by the present owners, it provides spacious comfort in a garden of mature trees.

Despite the demolition programme, 16 farmhouses and 44 other houses and cottages - almost all of the village of Warter - remain, plus sites to build more.

With more than 10,000 acres of pasture and arable land, Warter Priory is the largest single area of farmland in a ring fence to come up for sale since it was last sold in 1968.

On its western side the estate land rises to 700ft and is cut with deep, steep dales which have long been the basis of a renowned shoot. FPD Savills is quoting a guide price in excess of £30m for the whole lot - or £33,250,000 for its 17 component parts which range from seven to 2,400 acres. The park and its house site with 1,400 acres is priced at £2.8m.

Sally Smith

d golf match

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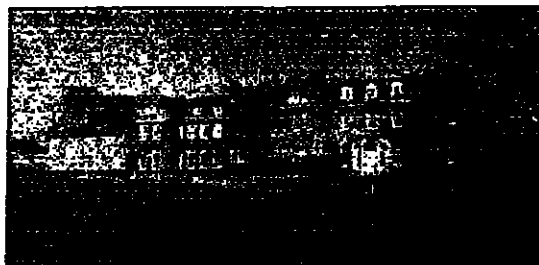
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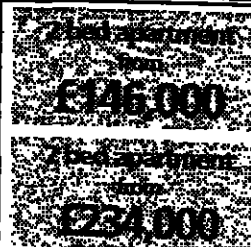
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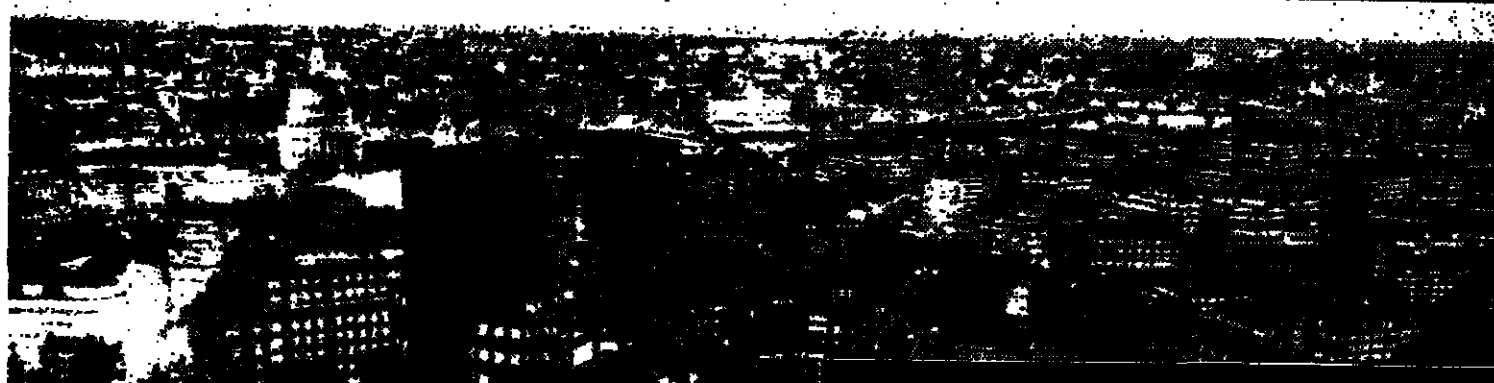
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Left to right: *Fritillaria acmopetala* looks delicate but increases rapidly; *imperialis*, which should be planted at a depth of 18in; and *michalovskyi*, which needs cool, dry conditions

Garden Picture Library

The strangest sight of this early season is a field of fritillaries in full bloom, a month before they are due. The finest fields of wild fritillaries survive in Oxfordshire and the best is in Addison's Meadow in the grounds of Magdalen College, Oxford. Its wild fritillaries have never been better since the pattern of summer grazing changed about 10 years ago.

These wild fritillaries have been with us for centuries and many of us grow them in the damp soils which they prefer. Although other fritillaries are perhaps even older in their native countries, they are just beginning to make their mark among knowledgeable gardeners. Until recently, most of us knew the big Crown Imperial and the purple and white forms of our native Snakeshead variety. Others were less familiar and tended to have unpronounceable names.

The range is changing rapidly and it is quite clear that we should now adapt our gardening habits to it. Some of the fritillaries are very rare, slow and difficult, but others look fragile without being at all awkward or reluctant to flourish in gardens. Until recently, I would have been hard-pushed to distinguish between the easy and difficult, but the state of research has now

been published in the excellent guide *Fritillaries* by Kevin Pratt and Michael Jefferson Brown. I have learnt much from it and recommend it.

The authors are not keen on fritillary legends and romances. They do not bother with the charming story that the Crown Imperial was present at the crucifixion and showed its distress ever since by forming teardrops inside its hanging flowers.

Instead, the authors guide us to a contemporary shortlist of "more trustworthy garden merit". It includes lovely varieties which I have seen in the wild and wrongly considered to be difficult.

One of the most vigorous has only been published in the last 20 years. *Fritillaria michalovskyi* lives around Lake Van in eastern Turkey and was reintroduced for gardeners in the 1970s. The flowers are a combination of deep maroon and bright gold yellow at the tips and stand out horizon-

tally on the many-headed stems. The wonders of modern micro-propagation have spread it through the trade but perhaps you have shared my view that it is difficult and best avoided. I now learn that it is really quite easy in a peaty soil which is cold in winter and cool and dry in summer. This bulb is plainly one for ambitious gardeners.

For years, I now see that I have treated another of my favourites with exaggerated respect. *Fritillaria acmopetala* has the most delicate flowers of green-yellow with a touch of maroon on the surface. It looks extremely delicate, but I now learn that it is considered to be "a rapidly increasing plant for the open garden". Certainly, its price has fallen in recent years and I will now liberate mine from a pot on the strength of my new reading.

Pratt and Jefferson Brown seem very confident that the bulbs will spread in a well-drained soil in full sun or light

shade. Perhaps they will, because I have sometimes seen it in its native golden triangle of the east Aegean, running from Cyprus to southern Turkey and across the Lebanon. This enchanting bulb

extremely obliging: "Once gardeners realise how easy this plant is it could become very popular." It is like a longer and darker form of our native Snakeshead and apparently it tolerates a wet British winter even though these miseries are rare in much of its native land. It seems that we must give it its head, yet another example of the plant which does not require in gardens the conditions it favours in the wild.

Bright yellow fritillaries look particularly exciting. The brightest turns up in north-west America where *Fritillaria pudica* is known as Johnny Jump-Up. Outdoors it is said to survive in wet winters but it will spread very well if it is grown in pots and allowed almost to dry out in summer.

As an ancient historian, I have to try *Fritillaria subeodica* which is named after that seminal Greek island, so important in the age of Homer. It, too, is a vivid

yellow. It is said to do well in gritty soil and to deserve much greater popularity. Back on the shortlist of worthwhile merit, varieties like *Pontica* and the sombre spreading *uva-vulpis* are fairly familiar. The lovely *Fritillaria graeca* has always scared me off because it looks so special and its particular variety, *Graeca Thessala*, is such a rare blend of red-maroon and green. It likes to be damp in summer and the authors tell us that the species "is very much at home in British gardens" in soil which remains damp through the summer and autumn. They even recommend it for anyone beginning a collection, refuting my suspicion that something so lovely is also so difficult.

By micro propagation, many more varieties could be spread through the trade without any destruction of the wild habitats which used to suffer in the interests of murderous gardeners. Fritillaries can face

the millennium with confidence. They do, however, bring an old problem with them on which the latest advice is perhaps worth repeating. For many of us, the big Crown Imperials flower once only and then send up leaves but no flowers in the following years.

Tentatively, the latest book tells us that we should plant the bulbs much more deeply, down to as much as 18 inches. We should set them on a bed of grit or fine gravel to help drainage and we should surface them with a foot and a half of rich, well-drained soil. Liquid feeding is advisable in early spring and when the buds show because this variety is extremely greedy. And above all, the roots of the big bulbs should never be damaged as they will not recover if you break them in the growing season.

If you are doing something wrong, your Crown Imperials are probably responding by sulking. Feed, bury and leave undisturbed, so that they have a better chance. You can probably ignore the old advice that the big bulbs should be planted at an angle to stop water collecting in their central gap. I still doubt if they fully understand why the Crown Imperial shows its teardrops rather seldom in so many cases, but at least we have a checklist of how to fathom its curious ways.

*David and Charles, £16.99

User-friendly fritillaries

Achieving good results with these beautiful flowers is now possible, says Robin Lane Fox

Gardening

They look fragile without being awkward or reluctant to flourish

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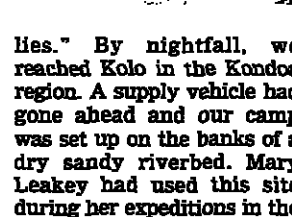
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A privileged view of the wildlife world

panied by park guards we went to investigate. The animals' spoor was easy to follow but the vegetation was so thick that had it not been for the zigzag of their paths



Projects are under way to provide sustainable woodland for harvesting fuel, but it is a long slow process. "All that the people here are concerned with," explained the doctor, "is that they wake up in the morning, and that they find food for their fami-



No one is quite sure where the artists were, or even from what age they originate. A notice in the museum in Dar es Salaam

I had seen the changing landscape beyond the park boundaries and was back at a haven of protected ecology. The interaction between the animals was the same as always had been. All that was needed to complete the scene would have been the

seasonal return prices from £507 to £793. All safari arrangements were made by Hoopoe Adventure Tours, which specialises in bespoke safaris (tel: 0181-428 8221).

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TRAVEL

Thundering over the plain, James Henderson is partly responsible for a stampede

It was a magnificent moment: a zebra cantering alongside me, just 20ft away, cropped black mane shivering in the wind and pyjama legs working overtime. We were in the middle of a panic stampede, thundering over a dry plain in the Okavango. In fact, I would have to admit to being at least partly responsible for the stampede. I was on horseback, part of a riding safari.

The Okavango is an enchanting country. The floodwaters flow annually into the delta, seeping and meandering among the thousands and thousands of low-lying islands, guided by their own logic (and occasionally by hippo and elephant channels) into dry watercourses, filling reedbeds and lily-ponds; and then gradually retreating through evaporation.

It is ideal for a safari on horseback. It is flat, of course, and soft underfoot. Unlike vehicles and mokoro canoes, horses are almost unlimited by the terrain and can move over the ground and (unlike walkers) through the water, following the game. For the rider this offers a different perspective, a more natural rapport with the game and the surroundings. In the pre-monsoon heat, it was hot work. They worked us hard, and we spent as many as six or seven hours in the saddle each day.

No Thelwell school of riding, this. My childhood experiences of riding in the UK tally well with the cartoons of dumpy ponies that raise a trot only with a heavy dose of lower leg and then only on the way home. The safari was led by Barney, a British expatriate, and her partner PJ, who came to Botswana from Namibia 20 years ago. Their horses were well-schooled and energetic.



Riding high days were spent going out from the tented base camp in the heart of the delta. Up with the cool of the dawn; half a day's riding done before 9am

Zebra crossing in the Okavango

It was enough for them to give that double click (of the tongue) and they were off, trotting and then cantering, egging each other on.

We, on the other hand, the clients, were easier to caricature: fine British stock altogether, a burbling of English voices that seemed a little unlikely round the evening campfire in darkest Africa... John, Joanna, James... and, amid all the quipping... Josephine, a trill so sharp as to shatter the vast African sky. She might have been called Loquax...

First time out, having not ridden much since a schoolboy stint as a cowboy in Australia, I was carefully steered towards Cuito, a former lion-hunter from the Kalahari. Despite being described as "an armchair", he was keen enough, though not always going where I

intended. "Just practising your dressage are you, James?" someone shouted after me as I struggled to control a tangle of trotting hooves that was somehow heading sideways.

Days were spent riding out from the tented base camp in the heart of the delta; with the cool of the dawn; half a day's riding done before nine, a break for a snack or a saddlebag breakfast; riding back to camp by late morning and the heat of the day; a swim and a siesta; afternoon tea and a game-drive or a walk; return for a hot shower (bucket and pulley) and drinks, then dinner and chat (sores body-part comparisons and tales of the day's derring-do).

The safari works well on horseback. When you are viewing game the horses are quiet and happy to feed. You do not necessarily get closer

to the animals - in the Okavango they are still shy and unaccustomed to humans, and they are wary (there are hunting concessions in the area) - but there is a far greater intimacy with the environment. It does not come without a certain vulnerability. PJ carries a rifle at all times in case of emergency.

In most five-day rides you head out to a "fly camp" (named after the fly-sheet of the dining tent rather than the abundant creepy-crawly you find around the Okavango), which is prepared in advance with vehicle support. I was particularly lucky, however, to join the last week of the season, the return from the camp to the horses' summer quarters. It was fun to be part of the journey.

We headed off as a group of 15, walking at an almost

silent plod through the grasslands and then trotting along the soft verges of the mulapos (the waterborne channels); somehow it devel-

oping inevitably into a canter and then a charge into the water. The procession was made wilder and more wonderful because three or four horses, spares for the follow-

ing days, were running loose among us. They trotted alongside, occasionally nipping across to bite another horse on the rump.

The scenery began to change as we headed west: mopane trees and scrub with knobthorn acacias and the occasional baobab tree were replaced by stands of palms clustered on the islands. At the fly camp, on an island with a waterhole nearby (the run of crocodiles at night, but ideal for swimming by day), we unsaddled the horses and then rode them down for a barbecue dip.

At night, the horses were corralled in the centre of the camp, tethered to a huge chain, with humans placed strategically around them: tents, dining area, kitchen and vehicles. It is not a risk to the riders in their tents, but lions do prowl at night, letting their scent carry on

the air, hoping to scare the horses. A few have run off in a panic and they have scars on their rumps and necks to prove it. Others have not made it back.

Next day, as we rounded a clump of trees, I saw a flash of movement to the right, a large cat streaking into cover, and then ahead a hyena looped off, turning to cast an angry eye at us. We realised we had disturbed a leopard kill. In the crook of the tree was a dead baboon, arms and head hanging; lifeless, staring eyes. It was a sobering moment.

But at the same time there is a feeling of childish fascination with a world as different as this. Around us warthogs ran from trouble, their tails involuntarily erect, and wildebeest charged illogically. Giraffes craned their necks, watching us with wonderful, doleful

eyes, or galloped off in slow motion. And then, of course, there were the zebras...

I suppose it is not surprising that 20 horses cantering across open country in Africa causes a panic stampede. Perhaps a zebra was attracted by the hooves, but he was obviously herding with us for safety. Once he sensed that the danger was gone, he kicked his hind quarters high, just for the hell of it, and ran off.

James Henderson travelled to Botswana with Africa Exclusive, Hamilton House, 66 Palmerston Road, Northampton NN1 5EX (tel: 01604-638979, fax: 01604-638978, email africaexclusive@compuserve.com).

Okavango Horse Safaris' season runs from March until the end of October. It is important to have some riding experience before joining one of their safaris.

Seeking a refuge in the bush

Nicholas Woodsworth meets an unusual trio

It is for most of us a buggy, hot and uncertain place. Yet some men (and women too; the macho days of the Great White Hunter are long gone) choose to make their lives in the African bush. Why?

Is it a question I have asked myself ever since I stayed with Rob Shattock in his home in northern Zimbabwe some years ago. Rob is a perfectly well-balanced, hard-working, grown-up man, the middle-aged father of four children. Yet he and his family live 16 ft off the ground in a two-storey tree-house on a remote elephant-infested stretch of the Zambezi River.

According to Rob, who runs a small wilderness tour company, it is the only way to live - he says he could never stomach life in the city again. Here, on a remote bush trail, is a trio of bush whites who feel the same.

Willie van Niekirk is a lean, dry stick of a man. Behind a grizzled beard and deep tan, his eyes, like those of most people who live in the bush, are calm and reflective - he spends a lot of time in quiet observation. Above all else, Willie enjoys the peace of the African wilderness. After a lifetime spent wandering the world, it is his refuge.

traders, he supplies provisions to the delta's remote camps and shops on overland routes, across some of the most spectacular, and difficult, country on the continent. Willie ran away from a hard father and a poor northern Transvaal dirt-farm as a young boy. He spoke not a word of English. He nearly starved walking to Rhodesia, he told me as we sat by a fire one evening watching summer lightning flickering over the floodplains of the delta. He learned tobacco farming in Rhodesia, logging in Canada, other trades in Britain, Spain, the American west.

"But I'm an African," he told me. "I came back. Once the bush is in your blood you can't get it out. This is where I belong." His life is hardly less itinerant than it used to be. In the dry season he drives a 10-ton, six-wheel delivery truck along rough and remote bush trails. In the rainy season he pilots a shallow-draft barge through a shifting web of delta waterways, the reed-lined home of one of the greatest accumulations of birds and aquatic wildlife in the world. He has stories of hippos and crocodiles that would raise your hair.

Would he choose the same adventurous African life all over again, I asked. "Of course I would," he replied. "But the old ways are over - you can't make a go of it like that any more. I'd go to school, get a degree in conservation, ecology, wildlife management. You need something to stay competitive. The African bush, just like the rest of the world, is changing."

Kate and Bruno Nebe are one bush couple who have

Continued on Page XXI

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TRAVEL

Mysteries of life and love revealed

James Henderson visits a lodge on the edge of Chizarira National Park in Zimbabwe

I do not know if I am the only travel writer who is plagued by weather problems at the moment. I seem to be pursued by unseasonal storms. Ayers Rock was obscured by a billowing grey veil of rain. Deserts come out in bloom in my wake. I dare not go back to the Caribbean in case a hurricane diverts to find me.

Arriving from England does not help because everyone concludes that I have brought the weather with me. Their next comment comes almost as a reflex: "Such a pity you weren't here yesterday. It was lovely then..." It could be that they're being a little economical with the truth of course, but who am I to suspect everyone I meet?

"It's probably the effect of El Niño," was the more considered judgment of Steve Alexander, owner of Chizarira Wilderness Lodge in Zimbabwe, as I brought the winter storms with me, a month early. Alexander is a man with an impressive knowledge of his own environment, and no connection to public relations to my knowledge, so I was happier than usual to take his word for it.

His lodge stands just outside Chizarira National Park, on a vast finger of rock that points into the Zambezi Valley. A string of stone and thatched chalets are perched on the cliff-face, open-fronted to take in the best of the view, and each with a wooden balcony that hangs in space.

Chizarira is one of Zimbabwe's least-used parks, 484,300 acres of scrub on a plain above the valley. This is not the "supermarket

safari", with large herds wandering over plains or collecting at waterholes. In Chizarira, it is the minutiae that count. The country is densely covered and there is plenty of surface water, so you have to go out and look for the animals and birds.

Alexander does it on foot, following meandering game trails and tracking the animals. You need to put in the extra effort, but you are not there just for a luxurious rest in the warm weather.)

I enjoyed the leisurely pace. The mechanics of the walk makes it easier to communicate and every plant and animal, whatever its size, is the subject of an interesting story. Gradually, as Alexander paused and gathered us around him, the secrets of life and love in the African bush revealed themselves.

Plants talk. When browsers are around, some acacias raise their tannin levels (to make themselves less palatable and less digestible) and at the same time release a pheromone which causes other plants to do the same. In response, kudu feed into the wind.

Alexander plucked a meringue-like sponge from a tall grass: a mantis egg-casing. The life of the male praying mantis may seem a little alarming (after mating he is often eaten), but the reproductive cycle is interesting in other ways: the eggs are left in this inedible thing to hatch out in their own time.

I had never thought that a pile of dung could be so fascinating either - apparently with all that fat and bone the leopard that left it must have been in good condition. As we made our way through a gully, three different sorts of rollers displayed above us - purple, cinnamon and lilac-breasted - tumbling and rolling.

Then we came across a lone male elephant, feeding as he wandered. We made a circuitous track downwind of him, creeping within 16 yards behind a termite mound, with Alexander constantly tapping a small muslin bag of ash, reassuring himself about the wind direction.

Each morning, we drove up into the park at dawn, climbing a rickety dirt road through a crack in the escarpment. It was built on the track of an elephant trail and it was so rough that it rattled our bones and sent the antenna into a series of harmonic wobbles.

Whatever my effect on the weather, at least I don't scare off the game. Apparently, that was down to the couple who arrived the day before me. Either way, there was not much on view from the road, so we headed into the bush in search of it.

His lodge stands just outside Chizarira National Park, on a vast finger of rock that points into the Zambezi Valley. A string of stone and thatched chalets are perched on the cliff-face, open-fronted to take in the best of the view, and each with a wooden balcony that hangs in space.

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Alexander does it on foot, following meandering game trails and tracking the animals. You need to put in the extra effort, but you are not there just for a luxurious rest in the warm weather.)



In Chizarira, one of Zimbabwe's least-used parks, every plant and animal has its own story - the Musasa tree is the national tree of Zimbabwe

Robert East

The finest moment happened as we headed back after dark. A pennant-winged nightjar put in an appearance, fluttering, diving, zooming and swooping in its silent and beautiful attempt to impress a mate. The males, who have a long feather trailing from each wing, arrive a month before the females to prepare their territory and display. The

poor fellow had only one pennant left, so for all his efforts he might not have been such a good prospect after all.

Back in my chalet, I relaxed and cautiously wondered if I had escaped the unseasonal weather.

But then the storm came. This time I heard it coming. It poured over the escarpment, thundering down the

hill, roaring, rattling every leaf and whistling in the scrub. The frogs were silent and branches broke with a split and crack.

Suddenly the wind hit, overtaking the chalet, shaking the wooden balcony out front and swirling inside, filling the room. The mat flapped like a floorboard, and the cushions on the next door bed jiggled, jump-

ing spontaneous back flips, and above me the mosquito net thrashed like some threatening negligee.

Holding down my possessions, I could do nothing but watch as the lavatory-roll snaked out of the bathroom, double-dip dividing like a pair of charmed pink cobras, and trailed off into the ether. I found it next morning, shredded into sheets of two

and three, in branches all around the camp.

The wind felt so pregnant with rain that I was expecting to be washed off the cliff-top, but there wasn't a drop. The winter rains had not come a month early after all. ■ James Henderson travelled with Africa Exclusive (tel: 01604-628979, fax 01604-638879, email africaex@tiscali.co.uk).

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adapted successfully to the modern world. They are young, professional and deeply attached to Ovita Farm, 22,000 acres of unspoiled Namibian countryside they own and make their living on.

Bruno's grandfather, a German colonist who settled in what was then South-West Africa, could never have imagined the fate of the vast property he carved out of arid land three hours' drive from Windhoek. A farmer, he saw the future in cattle.

But periodic drought, falling cattle prices and the advent of tourism changed all that. Bruno's father was among the first of the German farmers of Namibia to realise the potential of game farming - 20 years ago he began introducing small numbers of wildlife on to the farm, still stocked with cattle.

Today, there are no cattle left and Ovita teems with roan antelope, wildebeest, eland, elephant and cheetah - about 20 species altogether. A few trophy hunters come to Ovita annually, but more and more income is derived each year from game viewing.

Didn't they get bored out in the bush? I asked Kate and Bruno. He, with steel-rimmed glasses and ponytail, looks as if he might be just as comfortable in the urban jungle; Kate, a graduate in English literature, grew up in the cities of the north of England. Not at all, they replied - looking after two children and 2,000 wild animals has some demanding challenges.

Nor, with modern transport and communications, is the African bush the barrier it used to be. Bruno pursues a busy life as a wildlife photographer. Kate is a radio and documentary scriptwriter.

Effervescent, sociable, interested in everything around her, she put me in mind of another woman who settled on an unconventional life in the bush. "I had a farm in Africa..." runs the first line of Karen Blixen's celebrated book.

I ran into Charles Zandberg in Namibia's Kunene province, not far from the Angola border in one of the

Continued from Page XX

wildest parts of Africa I have ever encountered. Zandberg, for that matter, is one of the wildest Africans I have ever met. He is a phenomenon, a wild man, a natural force beyond socialisation.

If there is any explanation for his spending his life in Africa's wide open spaces, it is probably because there is no city big enough to hold him.

Zandberg, approaching fast along a dusty track, looked like a Neanderthal driving a pick-up truck. His unkempt hair curled down past a beefy pair of naked shoulders towards an enormous belly. His eyebrows were like separate halves of an RAF handle-bar moustache. His grey beard was the size of a pillow-case. There was a man so hairy that his only visible facial feature were his twinkling blue eyes.

The Italian Mafia, he said, were courting him with women and fast cars

Poet, drinker, insatiable lover of women, Zandberg is one of Namibia's most successful geologists - past discoveries include some of the largest mines in Namibia.

When I met him, though, all of Zandberg's boundless energy was concentrated on his latest find - a mountain of high-grade white marble which, apart from Carrara marble, he told me, has no equal in the world.

Zandberg revels in high drama. The Italian Mafia, he said, were on to him. They had courted him with women and fast cars - they wanted to market his marble as Carrara and deal him into a fortune.

No way, said Zandberg - this was Namibian marble and he would make his own fortune. The hirsute hedonist has plans. Does a luxury white marble palace-hotel, pool and airstrip in the middle of the Namibian wilderness sound unrealistic?

It is probably no more so than a tree-house on the Zambezi River. Head even further into the bush, and you will probably find stranger things still under the African sun.

I ran into Charles Zandberg in Namibia's Kunene province, not far from the Angola border in one of the

TRAVEL

The hunt for the tigers of the Zambezi

Tom Fort hopes to catch the gleaming, ferociously fanged warrior of the waters

The hat came from a garden centre near Henley-on-Thames, and was last seen riding the currents of the Zambezi with a message from me to the river god stuck in the band. It was a natty straw affair, and during my time in Africa had shielded me from the warm rains and burning sun. It had, dare I say it, given me a touch of distinction amid the ubiquity of the baseball cap and headgear of the bushwacker variety. I grew fond of my hat, and felt it deserved its freedom.

I spotted it first at Bengueria, one of the islands of the Bazaruto archipelago strung out on a 10-minute air hop from the Mozambican port of Vilanculos. The islands belong to Mozambique, but are not in any real sense of it. Untouched by the horrors unleashed across that desperate country, they remained through the war years a playground for the well-to-do South Africans who had colonised them.

Now that the tide of conflict has receded, leaving Mozambique shattered and destitute, the sweetness of Bazaruto is as alluring as ever. Our lodge, a scattering of thatched, reed, and wooden chalets among the palms, lay a few yards from the sea: a sweep of coral-tinged sand

framing the bay, with the big island of Bazaruto ahead, its green scrub humped with sand dunes.

Low tide exposed a great hunting ground, and the women of Bengueria, babies at their backs, prowled the shallows, stabbing the tender crabs, scooping up the sand oysters - their shells are crushed to make the floors of mud and straw huts. As the water came in, the dhows would set forth, men sorting through their nets as the breeze tightened sails shaped like the tips of scimitars.

The sea was wonderful, though intimidating - sweeping in mighty currents between the islands, around the points, boiling across the reefs and sandbanks. As our twin-engine catamaran searched the fishing grounds (yes, I fear that was the prime reason for being there), we would skip from mirror calm to crisp ripples to rolling swell - from the palest green, through grey, to that deep, gorgeous blue of dreams.

The horizons of the wide Indian Ocean sky were engulfed by vast banks of grey cloud, shot with streaks of black. Storms would develop in the time it took to swallow a beer, batter the thatch with rain, toss the palms in the gale, rush on to



Tom Fort lets his hat ride the currents of the Zambezi - with a message to the river god stuck in the band

leave the place steaming in blissful sun.

It was to the sky that our guides looked, searching for the birds. It was thrilling to bear down on a squawking, wheeling flock of terns, diving to harvest the shoals of little fish that swarmed at the surface. Then you would spot the swirls and crashes as the other predators, the kingfish and the super-charged kawkawa roared in, dark shapes whizzing beneath the waves at stunning speed.

One morning, as we drifted across the gap between Bengueria and Bazaruto, a great shape rose, blew, sank, surfaced again - a rare sighting of the absurd and harmless dugong, now threatened with extinction. It was this, the fabulous

vitality and abundance of sea life, which was the greatest marvel. It has made these waters one of the world's premier diving and snorkelling destinations; and instruction, equipment and careful supervision were provided by the lodge.

The days passed in a round of simple pleasures: plunging the sea, floundering dugong-like in the shallows, wading down plates of the freshest fish and crustacea, thirst slaked with Mozambican beer and South African wine.

It was punctuated by one drama. My friend The Champ (explanation to follow) was stricken by some awful infection of his breathing tubes, and had to be rushed across to the hospital in God-forsaken Vilanculos;

where he was diagnosed and treated with a speed and efficiency that would have made a queue in London casualty envious.

Then we were away.

The Cessna dodged the storms which marched across the bush

across Mozambique's immense interior of scrub, red earth, dried-up river beds, straight, deserted roads leading to infinity; back to Johannesburg, up to Victoria Falls, from where a tiny Cessna took us, dodging storms - which marched across the bush as if an unseen hand was manipulating some divine showerhead, over the Falls to Impellia, the island at the confluence of the Zambezi and Chobe.

It is in Namibian territory, the easternmost extremity of that geographical oddity, the Caprivi Strip, the result of a typically brutal colonial carve-up between Britain and Germany in the 1890s. Countries crowd together: Namibia squeezed by Botswana and Zambia, with Zimbabwe just across the water.

Impellia, the lodge where The Champ and I spent our first two nights, was a place to nourish the spirit. It is perched among mangosteen and waterberry trees over the Chobe, here split into a web of racing, rocky channels by islands of reed and papyrus.

A little way upstream lay a pool where fearsome hippos wallowed and snorted, to be given wide and cautious berth. Tales of danger abounded. Alfred, one of the boatmen in charge of the makoros, the coffin-like canoes from which we fished, told me wide-eyed with terror how he had watched as a crocodile had launched itself from

the depths to seize a bull by the shoulders, dragging it supine down to its dark element.

We were warned to watch out for mambos, and told not to worry if the water monitor whacked its tail against the tent. This proximity of unseen wildlife heightened the nerves. The Champ shrieked at a movement in the shadows, which resolved itself into the shape of a domestic cat.

But we relaxed, soothed by the overwhelming beauty of the place. We were compensated for the modest returns on our fishing effort by the sights we saw: an ancient bull elephant ripping grass from the margins of the Chobe, an otter the size of a dog cavorting in the shallows, the jacana bird picking its way across the lily pads, fish eagles carving the sky, a skeletal acacia alive at dusk with a quarrelsome hubbub of commensals, darters and egrets seeking perches for the night.

Our purpose was to hunt

the tiger fish, the gleaming, ferociously fanged warrior of these waters. Having pretty much failed at Ichingo, we moved across the island to Impellia Lodge, where a massive baobab older than Christianity stands, and where the Zambezi breaks into a succession of mighty rapids.

Now The Champ is a man of few words - which, when fishing, tend to be reduced to, "Oh, bollocks" (when there is a tangle) and, "Oh, do be quiet" (when advice on avoiding such irritations is offered). One morning, having become disillusioned with the tiger, he was taken off to a quiet hole, whence he returned with a modest gin and a large, slab-like fish.

A new world record for a three-spotted tilapia, caught by fly-fishing, had been set

There was much excitement. Scales were produced, measurements taken. It was announced that a new world record for a three-spotted tilapia, or bream, caught by fly-fishing, had been set. The Champ bowed, admitted it was the greatest thing he had ever done, and said his *Who's Who* entry would have to be modified.

On our last morning we shot the rapids in the makoros, spray flying. Down at the bottom, in shorts, canvas shoes, a shirt and the hat, I waded the myriad broken streams, competing with boys from the village armed with slender canes and string to fish the surging currents. For once, I caught tigers in plenty: small ones, but terrific fun.

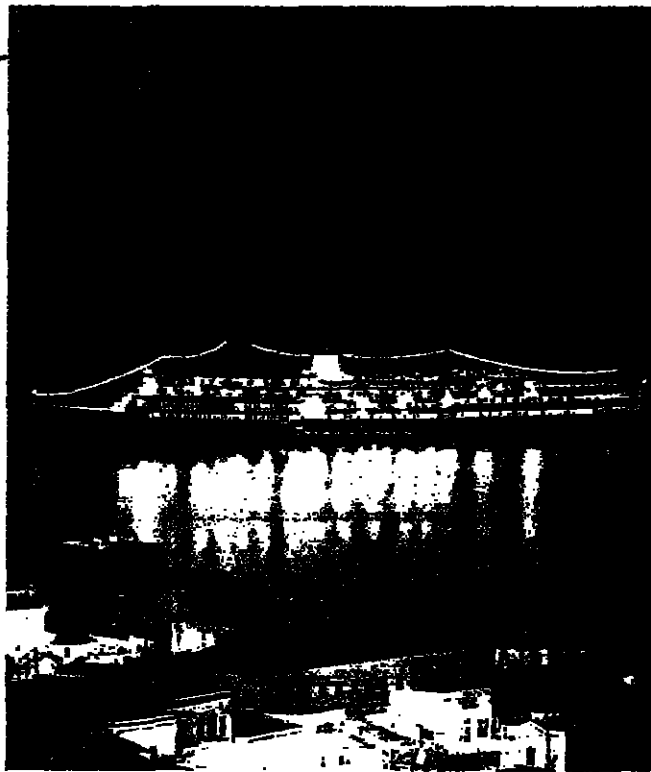
Then it was all over, and my hat was sent on its way. Later, in the cattle-market chaos of Johannesburg airport, I wondered how far it had got; whether my prayer, to come back one day to catch a big tiger, had reached its destination, and would be answered.

■ Tom Fort's excursion was organised by Rod and Red Africa, PO Box 1113, Parklands 2121, Johannesburg, South Africa. Tel: (free) 0800-964343, fax 011 447 2187. All-inclusive eight- or nine-day trips to either Bengueria or the Zambezi cost between £2,295 and £2,995 (according to numbers going and destination). Eleven days are about a third more expensive.

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\$64: Berlin, Cologne, Frankfurt, Leipzig, Münster • \$74: Bonn, Bonn, Bonn, Bonn, Bonn • \$84: Berlin, Bonn, Bonn, Bonn, Bonn • \$94: Berlin, Bonn, Bonn, Bonn, Bonn • \$104: Berlin, Bonn, Bonn, Bonn, Bonn • \$114: Berlin, Bonn, Bonn, Bonn, Bonn • \$124: Berlin, Bonn, Bonn, Bonn, Bonn • \$134: Berlin, Bonn, Bonn, Bonn, Bonn • \$144: Berlin, Bonn, Bonn, Bonn, Bonn • \$154: Berlin, Bonn, Bonn, Bonn, Bonn • \$164: Berlin, Bonn, Bonn, Bonn, Bonn • \$174: Berlin, Bonn, Bonn, Bonn, Bonn • \$184: Berlin, Bonn, Bonn, Bonn, Bonn • \$194: Berlin, Bonn, Bonn, Bonn, Bonn • \$204: Berlin, Bonn, Bonn, Bonn, Bonn • \$214: Berlin, Bonn, Bonn, Bonn, Bonn • \$224: Berlin, Bonn, Bonn, Bonn, Bonn • \$234: Berlin, Bonn, Bonn, Bonn, Bonn • \$244: Berlin, Bonn, Bonn, Bonn, Bonn • \$254: Berlin, Bonn, Bonn, Bonn, Bonn • \$264: Berlin, Bonn, Bonn, Bonn, Bonn • \$274: Berlin, Bonn, Bonn, Bonn, Bonn • \$284: Berlin, Bonn, Bonn, Bonn, Bonn • \$294: Berlin, Bonn, Bonn, Bonn, Bonn • \$304: Berlin, Bonn, Bonn, Bonn, 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INTERNATIONAL ARTS GUIDE

What's on
around the
world

AMSTERDAM

DANCE
Het Muziektheater
Tel: 31-20-551 8911
Dutch National Ballet: Romeo and Juliet. Rudi van Dantzig's 1987 version, set to Prokofiev's score. With sets and costumes by Toer van Schayk; Apr 4, 5, 7, 9

EXHIBITIONS
Van Gogh Museum
Tel: 31-20-570 5200
● Jewels from a Photographic Collection: highlights from the Print Room of Leiden University, selected by students and focusing on the period 1880-1900. Includes works by Breitner and Witsen as well as many hitherto unknowns; from Wednesday until May 3
● Utagawa Kuniyoshi (1797-1861): Heroes and Ghosts. Survey of work by one of Japan's leading 19th century printmakers; ends tomorrow

OPERA
Netherlands Opera, Het Muziektheater
Tel: 31-20-551 8911
Wozzeck: by Berg. Wim Trompert directs a revival of Willy Decker's 1984 production, with designs by Wolfgang Gussman. With the Netherlands Philharmonic conducted by Hartmut Haenchen; Apr 6, 8, 10

BALTIMORE

EXHIBITION
Walters Art Gallery
Tel: 1-410-547 9000
Monet: Paintings of Giverny from the Musée Marmottan. 22 paintings produced during the last 23 years of the artist's life. Photo murals and works from the collection will be shown alongside the touring works; to May 31

BARCELONA

EXHIBITION
Museu Picasso
Tel: 34-3-319 6310
Egon Schiele: The Leopold Collection. 152 paintings and drawings on loan from the largest private collection of Schiele's work in the world; to May 31

BERLIN

DANCE
Staatsoper unter den Linden
Tel: 49-30-2035 4555
www.staatsoper-berlin.org
Tanzstunden: ballet triple bill, to music by Henze; Apr 4

OPERA
Deutsche Oper
Tel: 49-30-34384-01
Parsifal: by Wagner. New production conducted by Christian Thielemann in a staging by Götz Friedrich; Apr 10

Staatsoper unter den Linden
Tel: 49-30-2035 4555
www.staatsoper-berlin.org
Die Meistersinger von Nürnberg: by Wagner. Harry Kupfer's new production is conducted by Daniel Barenboim/Sebastian Weigle; Apr 5

BRUSSELS

EXHIBITION
Musées Royaux des Beaux Arts de Belgique
Tel: 32-2-508 3333
Magritte: comprehensive retrospective of the Belgian surrealist, celebrating the centenary of his birth; to Jun 28

CHICAGO

EXHIBITION
Art Institute of Chicago
Tel: 1-312-443 3600
www.artic.edu
Italian Baroque Terracotta from the Hermitage Collection: 35 works never before seen in the US, including pieces by Benini and Algardi. Collected in the 1740s by the Abbot Farsetti before they were acquired by the Tsar, many of these sculptures were in storage for two centuries; to May 3

DUBLIN

EXHIBITION
Irish Museum of Modern Art
Tel: 353-1-612 9900
Brian Cronin: Fat Face With Fork. First exhibition in Ireland of work by the Dublin-born, New York-based illustrator. Spans his career from his first illustration to recent drawings, and includes sketches and source material; to Jun 1

EDINBURGH

EXHIBITION
Scottish National Gallery of Modern Art
Tel: 44-131-624 6200
William MacTaggart (1903-1981): retrospective of the Edinburgh modernist. Includes around 50 paintings, watercolours and drawings; to May 10

FRANKFURT

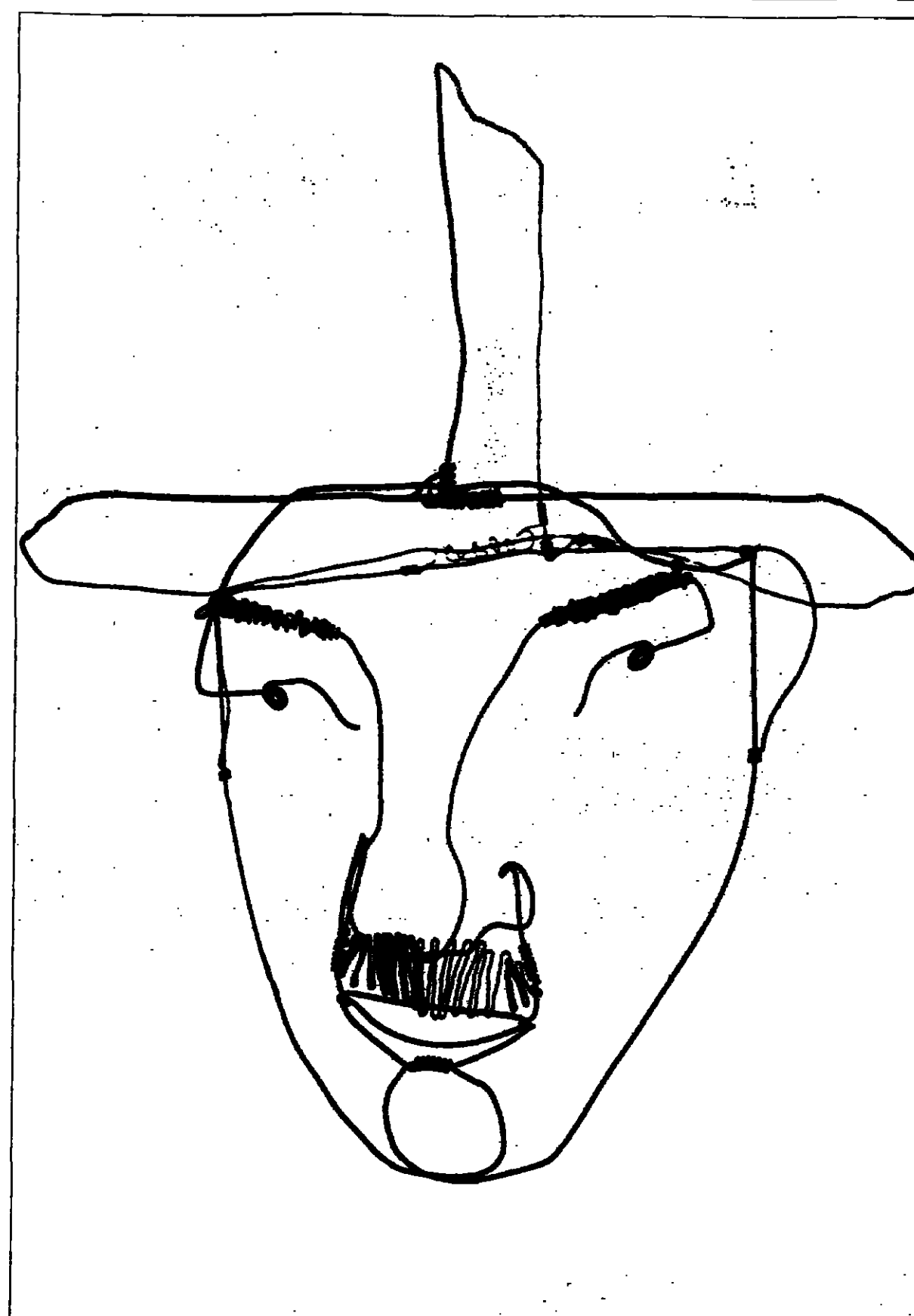
CONCERT
Aka Oper
Tel: 49-69-134 0400
Joan Rodgers: recital by the soprano, accompanied by Roger Vignoles; Mozart Saal; Apr 5

HELSINKI

OPERA
Finnish National Opera
Tel: 358-9-4030 2211
The Magic Flute: by Mozart. New production by Swedish director Etienne Glaser, designed by Peter Tiltberg. Conducted by Mikko Franck; Apr 4

HOUSTON

EXHIBITIONS
Museum of Fine Arts, the Menil Collection and the Contemporary Arts Museum



'Fernand Léger', 1930, by Alexander Calder, in a retrospective currently on display at the National Gallery of Art in Washington, before transferring to San Francisco. Meanwhile Léger himself is the subject of an exhibition at New York's Museum of Modern Art

Tel: 1-713-639 7750
● Robert Rauschenberg: previously seen at the Guggenheim, New York, this major retrospective spans the artist's 50 year career and includes some 400 works. The Menil Collection hosts works from the 1940s through the mid 1980s. The Contemporary Arts Museum presents important technological works, while the Museum of Fine Arts will show the most recent work; to May 17
● The Body of Christ in the Art of Europe and New Spain: 1150-1800. 75 objects including paintings, sculptures, manuscripts and textiles, which together address the meaning and devotional function of the image of Christ. Includes works by Bellini, Botticelli, Rubens, Tintoretto and Veronese; to Apr 12

LAUSANNE

EXHIBITION
Fondation de l'Hermitage
Tel: 41-21-320-5001
Pointillism: more than 100 works, including loans from Europe and the US, tracing the influence of Seurat on a generation of young painters at the turn of the century; to Jun 1

LISBON

CONCERTS
100 Days Festival, Expo '98
● Madrid Symphony Orchestra: El Amor Brujo by Manuel de Falla; Main Auditorium, Centro Cultural de Belém; Apr 8
● Portuguese Symphony Orchestra: programme of 20th century works; Main Auditorium, Centro Cultural de Belém; Apr 7

LONDON

CONCERTS
Royal Festival Hall
Tel: 44-171-960 4242
● BBC Symphony Orchestra: conducted by Jukka-Pekka Saraste in the UK premiere of Per Norgard's Symphony No. 2, and works by Arvo Pärt and Sibelius. With the Hilliard Ensemble, piano soloist Leon McCawley and the BBC Symphony Chorus; Apr 4
● Philharmonia Orchestra: conducted by Leonard Slatkin in works by Copland and Tumaaga. With soprano Kathleen Battle; Apr 7

EXHIBITIONS
Barbican Art Gallery
Tel: 44-171-338 8891
● Shaker: The Art of Craftsmanship. First major exhibition of furniture and decorative arts from the Shaker community at Mount Lebanon; to Apr 26
● The Art of the Harley: 30 customised motorcycles provide the centrepiece of this display devoted to the 95 year history of the Harley-Davidson company; to Apr 26

Hayward Gallery
Tel: 44-171-261 0127
www.hayward-gallery.org.uk
● Francis Bacon (1909-1992): The Human Body. Brings together works dating from 1945 to the 1980s; ends tomorrow
● Henri Cartier-Bresson: Europeans. One of several 60th birthday tribute shows, this display explores changes from the 1930s to the 1970s through the eyes of the photographer; ends tomorrow

National Gallery
Tel: 44-171-639 3321
Henry Moore and the National Gallery: this celebration of the centenary of Moore's birth consists in a selection of his favourites among the Gallery's holdings; from today until May 31

Royal Academy of Arts
Tel: 44-171-300 8000
● Art Treasures of England: The Regional Collections. Display of some 500 paintings, drawings and sculptures which will tell the history of the public collections outside London. Including works by Hogarth and Turner, the exhibition will also seek to surprise with works by less famous artists; to Apr 13
● Holy Russia: Icons and the Rise of Moscow 1400-1800. 50 rarely exhibited icons lent by Russian museums are the centrepiece of this exhibition, which also includes 16 manuscripts; to Jun 14

Tate Gallery
Tel: 44-171-887 8000
Bernard (1867-1947): major retrospective of the French painter, comprising more than 100 works including landscapes, still life, a series of nudes and several self-portraits; to May 17, then transferring to New York

Victoria and Albert Museum
Tel: 44-171-938 8500
The Power of the Poster: including classic images from the 1880s and 1890s as well as the work of contemporary designers and agencies. Ranging from Toulouse-Lautrec to the Wonderbra advert, many of these designs will be instantly familiar; to Jul 26

OPERA
English National Opera, London Coliseum
Tel: 44-171-632 8300
● La Bohème: by Puccini. Steven Pimlott's production is revived by Barry Atkinson and Frances Moore, and conducted by Emmanuel Joel; Apr 4, 7
● The Tales of Hoffman: by Offenbach. New production by Graham Vick, designed by Tobias Hohelsel and conducted by Paul Daniel/William Lacey. Cast includes John Tomlinson; Apr 9

THEATRE
Aldwych Theatre
Tel: 44-171-415 6003
Amy's View: by David Hare. West End transfer of the National Theatre's production, directed by Richard Eyre, with Judi Dench and Samantha Bond

Almeida Theatre
Tel: 44-171-359 4404
The Iceman Cometh: by Eugene O'Neill. Howard Davies' production stars Kevin Spacey, Rupert Graves and Clarke Peters
Barbican Theatre
Tel: 44-171-338 8891
● Hamlet: by Shakespeare. Matthew Warchus directs this production of a vigorously cut text, with Alex Jennings in the title role
● Much Ado About Nothing: by Shakespeare. With Alex Jennings and Siobhan Redmond, directed by Michael Boyd

Gielgud Theatre
Tel: 44-171-494 5065
Things We Do for Love: written and directed by Alan Ayckbourn

Starring Jane Asher and Stephen Pacey

Lyric Theatre
Tel: 44-171-494 5045
Closely: written and directed by Patrick Marber. West End transfer after a sell-out run at the National Theatre

National Theatre, Cottesloe
Tel: 44-171-452 3000
Not About Nightingales: by Tennessee Williams. Rarely performed early work, directed by Trevor Nunn and starring Corin Redgrave as the psychotic warden of a prison in which four men were baked to death in 1938

National Theatre, Lyttelton
Tel: 44-171-452 3000
The Invention of Love: the protagonist of Tom Stoppard's new play is the poet and classical scholar A E Housman, played by Paul Rhys and John Wood. Directed by Richard Eyre and designed by Anthony Ward

Young Vic
Tel: 44-171-928 6363
Uncle Vanya: by Chekhov. Katie Mitchell's new RSC/Young Vic co-production is given in a new translation by David Lan, and stars Stephen Dillane, Anastasia Hille and Linus Roache

LOS ANGELES

CONCERTS
Dorothy Chandler Pavilion
Tel: 1-213-365 3500
Russian National Orchestra: conducted by Mikhail Pletnev in works by Ljadov, Glazunov and Tchaikovsky. With violin soloist Gil Shaham; Apr 7

LUCERNE

CONCERTS
Easter Festival
Tel: 41-41-226 4480
www.LucerneMusic.ch
● The English Concert: Trevor Pinnock conducts Bach's St. John Passion, with soloists including tenor Ian Bostridge; Jesuitenkirche; Apr 4
● Thomas Zehetmair: recital by the violinist of works by Bach; Franziskanerkirche; Apr 4
● St. Matthew Passion: conducted by Alois Koch. With singers including the Lucerne Music College and Choral Academy; Jesuitenkirche; Apr 5

LYON

EXHIBITION
Musée des Beaux-Arts
Tel: 33-4-7210 1740
Matisse: 20 paintings and 40 drawings and sculptures from the collection of the Musée National d'Art Moderne; to Jun 28

MADRID

EXHIBITIONS
Fundació 'la Caixa'
Tel: 34-1-435 4833
● From Whistler to Sickert: joint retrospective of the two painters which aims to introduce their work to the Spanish public by contrasting their differences. The exhibition will demonstrate the influence of Velázquez on Whistler as well as that of Whistler on Sickert; to May 17

● Rembrandt: The Human and the Natural Landscape. 91 etchings from the Rembrandt House Museum in Amsterdam; ends tomorrow
● The Photographic Avant-Garde in Spain: selection of 140 photographs from the period 1925-1945; to Apr 12

MILAN

OPERA
Teatro alla Scala
Tel: 39-2-88791
www.lascala.milano.it
Linda di Chamounix: by Donizetti. Co-production with Vienna Staatsoper conducted by Roberto Abbado in a staging by August Everding; Apr 8

MOSCOW

EXHIBITIONS
Pushkin State Museum of Fine Arts
French Master Drawings from the Pierpont Morgan Library: part of a historic cultural exchange, featuring 120 drawings, sketchbooks and albums drawn from the Library's permanent collections. Highlights will include works by Cézanne, Delacroix, Ingres and Poussin; to May 10

MUNICH

CONCERTS
Philharmonie Gasteig
Tel: 49-89-5481 8181
● Rundfunkorchester des Bayerischen Rundfunks: conducted by Garcia Navarro in extracts from operas by composers including Puccini and Wagner. With soprano Gabriele Schnaut; Apr 5
● St. John Passion: by J. S. Bach. Conducted by Joshua Daus; Apr 9
● St. Matthew Passion: by J. S. Bach. Conducted by Hanns-Martin Schneidt in a matinee and by Enoch zu Guttenberg in a gala evening performance; Apr 10

EXHIBITIONS
Haus der Kunst
Tel: 49-89-211270
● Arnold Böcklin, Giorgio de Chirico, Max Ernst: Journey into the Unknown. Selection of 130 paintings, collages and sketches, previously seen in Zurich; to May 3
● Symbolism in England 1860-1910: previously seen in London's Tate Gallery, this show presents work by British pre-Raphaelites alongside that of their European contemporaries; to Apr 26

NEW YORK

EXHIBITIONS
Guggenheim Museum
Tel: 1-212-423 3500
www.guggenheim.org
● After Mountains and Sea: around 14 works by created by Helen Frankenthaler during the years 1956-1959; to May 3
● China - 5,000 Years: comprising more than 500 works of art, ranging from the Neolithic period to the modern, with traditional works displayed at the uptown museum (to Jun 3), and the modern section at the Guggenheim Museum SoHo (to May 25). Both parts will transfer to Bilbao in July
● Visions of Paris: Robert Delaunay's Series. Previously seen in Berlin, this exhibition focuses on the series paintings made by the artist in Paris, of subjects including Saint-Séverin and the Eiffel Tower; to May 24

Metropolitan Museum of Art
Tel: 1-212-879 5500
www.metmuseum.org
● Augustin Pajou, Royal Sculptor: retrospective devoted to works by the French sculptor (1730-1809); to May 24
● Pierre-Paul Prud'hon (1758-1823): first American retrospective of work by the French court painter and draftsman. Includes 60 paintings and 100 works on paper; to Jun 7
● When Silk Was Gold: Central Asian and Chinese Textiles. Featuring 64 precious textiles from the 8th to 15th centuries, when they were of immense economic and cultural significance. Includes the most important known 'cloth of gold'; to May 17

Museum of Modern Art
Tel: 1-212-708 9480
www.moma.org
● Chuck Close: retrospective of the American painter, comprising 90 works and ranging across his career; to May 26
● Fernand Léger (1881-1955): 220 paintings and drawings by the early modernist; to May 27

OPERA
New York City Opera, New York State Theatre
Tel: 1-212-870 5570
www.nycoopera.com
● Emmeline: premiered in Santa Fe in 1996, Tobias Picker's opera is presented here in the same production, by Francesca Zambello, with sets by Robert Israel. Based on Judith Rossner's novel, J.D. McClatchy's libretto is a version of the Oedipus myth set in New England. The conductor is George Manahan; Apr 4, 8
● Paul Bunyan: by Britten. New production directed by Mark Lamos and conducted by Stewart Robertson; Apr 9

THEATRE
Atlantic Theatre, 336 W. 20th St.
Tel: 1-212-239 6200
The Beauty Queen of Leenane: by Martin McDonagh. With Anna Mahan and Marie Mullen

Golden Theater, 252 W. 45th St.
Tel: 1-212-239 6200
The Chairs: by Ionesco. Théâtre de Complicité/Royal Court production transferring from London after a sell-out run. Simon McBurney directs Geraldine McEwan and Richard Briers

Irish Repertory Theatre, 132 W. 22nd St.
Tel: 1-212-727 2737
Long Day's Journey Into Night: by Eugene O'Neill. Starring Frances Sternhagen and Brian Murray
Joseph Papp Public Theater, 425 Lafayette St.
Tel: 1-212-260 2400
The Cripple of Inishmaan: by Martin McDonagh. In which a Hollywood producer visits a remote Irish island

community. Directed by Jerry Zaks
Kit Kat Klub, 124 W. 43rd St.
Tel: 1-212-239 6200
Cabaret: revival of the 1986 Kander and Ebb musical directed by Sam Mendes and Rob Marshall, starring Natasha Richardson

Royale Theatre, 242 W. 45th St.
Tel: 1-212-239 6200
Art: by Yasmina Reza. Production directed, as in London, by Matthew Warchus. Cast includes Alan Alda and Alfred Molina

OTTAWA

EXHIBITION
National Gallery of Canada
Tel: 1-613-990 1985
Picasso: 100 works on loan from the Museum of Modern Art in New York. Spanning his career, the broadly chronological display includes paintings, drawings, prints and sculptures; to Jul 12

PARIS

CONCERT
Salle Pleyel
Tel: 33-1-4561 6589
Orchestre de Paris: conducted by Frans Brüggen in works by Mozart. With piano soloist Maria-João Pires; Apr 8, 9

EXHIBITIONS
Musée d'Orsay
Tel: 33-1-4049 4814
www.Musee-Orsay.fr
● 1848: examining the relationship of artists to the revolutionary movement of 1848, and the influence of the Republic upon artistic life between 1848 and 1952; to May 31
● Manet, Monet, and the Gare Saint-Lazare: places Manet's famous painting in a context provided by works by other artists and a group of related drawings, prints and photographs; to May 17

ROME

EXHIBITION
Palazzo delle Esposizioni
Tel: 39-6-474 5903
Minimalia: display of works by contemporary Italian artists, selected by critic Achille Bonito Oliva; ends on Monday

ROTTERDAM

EXHIBITION
Kunsthal
Tel: 31-10-440 0300
Henriette Ronner-Knip (1821-1909): Cat Paintings from the Belle Epoque. Selection of works by the painter of cats, who was also the first woman artist admitted to the Arti et Amicitiae society; ends tomorrow

SAN FRANCISCO

CONCERTS
Davies Symphony Hall
Tel: 1-415-864 6000
www.sfsymphony.org
● San Francisco Symphony Orchestra: Stanislaw Skrowaczewski conducts Elgar's Violin Concerto, with soloist Pinchas Zukerman. The programme also includes works by Wagner and Shostakovich; Apr 4
● San Francisco Symphony Orchestra: Roger Norrington conducts Mendelssohn's Elijah; Apr 9, 10

TORONTO

OPERA
Canadian Opera Company, Hummingbird Centre
Tel: 1-416-363 6871
www.coc.ca
● Fidelio: by Beethoven. Revival conducted by Richard Bradshaw in a staging by Richard Monette; Apr 8
● Madama Butterfly: by Puccini. Conducted by Maurizio Barbacini in a staging by Brian MacDonald; Apr 9

VENICE

EXHIBITION
Palazzo Grassi
Tel: 39-41-523 1680
www.palazzograssi.it
Picasso: 1917-1924. Beginning with works inspired by his designs for the theatre and ballet, and the characters of the Commedia dell'Arte, this major display also picks up the return to classicism which coincided with Picasso's first visit to Italy in 1917. More intimate images include portraits dedicated to his wife and son; to Jun 28

WASHINGTON

CONCERT
Kennedy Center
Tel: 1-202-467 4600
National Symphony Orchestra: conducted by John Nelson in Fanfare for Israel, by Israeli composer Ben-Haim, in a concert which is part of the Israel at 50 festival. The programme is completed by Mendelssohn's Piano Concerto No. 1, with pianist Helen Huang, and the American premiere of Schoenfeld's De'vorah; Concert Hall; Apr 4

DANCE
Kennedy Center
Tel: 1-202-467 4600
● American Ballet Theatre: triple bill of Balanchine's Themes and Variations, Ashton's Les Patineurs and Agnes de Mille's Fall River Legend; Opera House; Apr 7, 8, 9
● American Ballet Theatre: Frederic Franklin's new staging of Coppélia; Opera House; Apr 10

EXHIBITION
National Gallery of Art
Tel: 1-202-737 4215
www.nga.gov
Alexander Calder (1898-1976): celebrating the centenary of the artist's birth, this display of around 250 works includes drawings and jewellery as well as mobiles and stabiles; to Jul 12, then transferring to San Francisco

Arts Guide by Susanna Rustin
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e-mail: artbase@tcom

Weekend Investor

Wall Street

London

The Dow also rises on sun-lit uplands

John Authers finds 9,000 an unprecedented, and probably unsustainable, level

Dow 9,000 dawned yesterday, introducing US investors to sun-lit uplands they had never seen before. The milestone, reached a few minutes into trading on the New York Stock Exchange yesterday morning, continued a rally which lasted through most of the first quarter, which was one of the best in the history of the US equity market. Even though the Dow surrendered its gains by the end of the morning, confidence is still at an unprecedented, and probably unsustainable, level.

After the lengthy period of turmoil while investors attempted to assess the impact of the Asian crisis, which kept the market oscillating within a range for almost six months, stocks are rallying as fast as ever.

When the year dawned, the Dow Jones Industrial Average - the venerable benchmark of 30 blue-chip stocks - was at 7,955.04. It dipped from there, falling below 7,000 at one point, and only staged the gain which took it past 8,000 for the first time in the first week of February. It took only nine weeks of trading for it to gain another 12.5 per cent.

This rally is reminiscent of several other periods of big gains which have characterised the bull market of the last three years. What is interesting, after the turmoil induced by Asia, is that the rally seems to be led by much the same factors which had driven stocks before last summer.

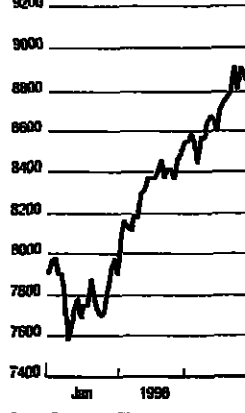
During the first quarter, the S&P 500, the broadest indicator of large companies' performance, gained 13.5 per cent. This meant that the relative out-performance of large companies continued. The S&P 400 index of mid-capitalisation companies gained 10.7 per cent, and the SmallCap 600 index rising 10.9 per cent.

Throughout this bull market, larger companies, with the ability to realise cost savings through downsizing, and to find extra export markets, have led smaller companies, to the grief of many value fund managers.

Further, technology again appears to be in the lead. This was the sector which led the market in 1995 and

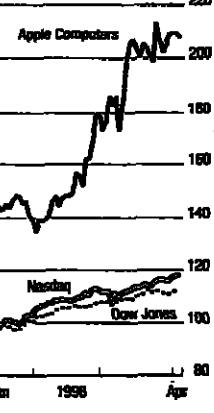
Apple of the market's eye

Dow Jones Industrial Average



Source: DataStream/FT

Indices, share price (rebased)



Source: DataStream/FT

1996, as Intel and Microsoft grew to be among the largest companies in the US by market capitalisation. So far this year, it is again the strongest broad sector recognised by S&P, having gained 20.0 per cent.

The biggest winner among S&P 500 stocks has a familiar ring about it, although from an earlier era. Apple Computer was the hottest stock of the first quarter, more than doubling its share price amid speculation that it was in the process of turning itself around, and ready to launch new products. Apple was one of the first great successes to emerge from Silicon Valley, but has undergone a long and painful eclipse as rival computer manufacturers, using the rival Windows operating system from Microsoft, have overtaken it.

Apple is resurgent, although another computer stock appears to be the true phenomenon of the moment. Dell Computer, wedded to the notion of selling computers cheaply and directly to companies, gained another 61.31 per cent in the first quarter. This puts it behind Apple's 109.52 per cent for the year so far, but a slightly longer time horizon makes Dell look a little better.

Once stock splits are taken into account, Dell shares stood at \$41 at the beginning of April, 1998. Two years on, they were at \$68 - a capital appreciation without taking dividends into account, of 1,500 per cent in two years. Over the same period, Apple has advanced, via a circuitous route, from

\$24 1/2 to \$36 1/2.

While the technology sector has resumed its rally, performance of high-tech companies continues to be more varied, with some large silicon chip manufacturers suffering serious drops in their share price, notably National Semiconductor which fell 19.28 per cent in the first quarter.

The weakest sector of the first quarter, measured by S&P, was utilities, which gained only 4.3 per cent. Financial services, second only to technology for much of the bull market and the strongest sector last year, also stepped back slightly, gaining 11.3 per cent for the quarter. Regional banks gained only 1.6 per cent, as the sector went through a relative lull after the spasm of mergers and acquisitions activity which forced the market higher last year.

Tobacco was the worst performing individual sector, predictably enough in the light of the collapse of its attempt at a legal settlement. The industry is now in the awkward position of having admitted that its products can damage health, and offered to stop advertising, while still having no guarantees on how much money it will be forced to pay. Shares in the tobacco companies shed 8.3 per cent in the first three months.

Dow Jones Ind Average

| | | |
|-----------|----------|---------|
| Monday | 8,782.12 | -13.56 |
| Tuesday | 8,799.81 | +17.69 |
| Wednesday | 8,868.22 | +68.51 |
| Thursday | 8,966.64 | +118.32 |
| Friday | | |

They came from space...

Sky-high share prices? Philip Coggan knows why

Scene: A tunnel under Wall Street, Monday 10.57pm. Cue spooky music...

The redhead stumbled down the dark passage, flashing her torch. Why did her partner always choose these unpleasant spots for meetings? Suddenly, she froze at the sound of foot-steps behind her. Could it be that a mysterious, shape-changing hitman had lured her into a trap? Again?

"Selly, it's me." She relaxed. It was only her colleague, "Bear" Milner, indulging his penchant for the mysterious. "What is it this time, Milner?" she asked. "Werewolves? Vampires? Killer cockroaches from outer space?"

"It's the biggest conspiracy we've ever investigated. Selly. Someone is propping up the stock market. Just examine the evidence. Indices in Europe and the US are reaching all-time peaks

every day, despite the impact of the Asian crisis."

The lean agent whipped out a newspaper. "It's all here in the FT. Selly - the Fortean Times, that is. The Standard & Poor's 500 index in the US has been trading at the highest ever price-earnings ratio while, in Britain, the All-Share dividend yield has fallen to the lowest figure since records began."

No rational person would be buying shares at these prices.

Another wild theory from Milner, thought Selly. He had obviously never heard of the new paradigm. "It can all be explained, Milner," she said, patiently.

"Inflation has fallen. Bond yields and short-term interest rates are low. Corporations are more efficient than ever and they are paying more attention to shareholder value."

Instead of paying dividends, they are returning

cash to investors by buying back shares.

"In Europe, the process of monetary union means that business is restructuring to compete on a continent-wide scale."

In the US, baby boomers are saving for their retirement and are piling money into stocks. There's no need to postulate a conspiracy."

"That's just what they want us to think," replied Milner. "You talk about US corporations being efficient but their profits actually fell in the fourth quarter of last year. Profit forecasts are being reduced for 1998. No, Selly, there's only one answer. The newspapers are giving us hints, with their talk of 'stratospheric ratings' and 'sky-high multiples'."

Milner stepped out of the shadows and looked earnestly at his partner. "Who could be buying when prices are in outer space? Beings that come from outer space. Aliens are buying stakes in



Time to push up the market: Take me to your stockbroker

our biggest companies and taking over the world economy."

Selly sighed. "That's bull, Bear," she said. "You have no evidence."

"Oh no? Why do you think Alan Greenspan speaks in that flat, monotonous voice? Classic signs of an abductee. And what about Gordon Brown? All that stuff about 'only when it is prudent to do so' and 'post neo-classical endogenous growth theory'. No human talks like that."

A good point, admitted Selly, but she couldn't let him get away with it. "Milner, you don't need to believe aliens have taken control of the British government to explain why the FTSE 100 index passed 6,000 this week."

"It's all to do with Peps. Personal equity plan investors have been pouring money into the market to beat the end of the tax year deadline."

"That's how clever they are," said Milner. "Re-arrange the letters of personal equity plan and what have you got? Query pan-alien plots!"

Selly sighed again. "So aliens are buying stocks? Why haven't they been noticed?"

"Simple, Selly. They're doing it all offshore. It's so simple. Which area has experienced the biggest number of UFO sightings? The Bermuda triangle. Which small island happens to be one of the biggest homes for offshore funds? Bermuda."

"But why, Milner, why? Next, you'll be telling me that, somehow, it's all to do

with the multi-billion dollar battle between the tobacco companies and the US government over... Oh, my God, the smoking man!"

Milner nodded. "Exactly. Our arch-nemesis, the smoking man, who has been behind the cover-up of all the evidence that aliens exist. I think he has persuaded the aliens to push up the market so the tobacco companies have enough money to meet the cost of the payout they face."

Selly's head reeled with the complexities of it all. "It's amazing, Milner. What if the public finds out that the market has started to be controlled by aliens? There'll be panic."

"Who says they've only just started, Selly? Think about it. There are signs that they've been in charge for decades. Ronald Reagan takes office in 1981 with the economy in recession. He gets shot, goes into hospital and, almost immediately after he emerges, the longest bull market in history begins. But did the same Reagan leave the hospital as entered it? I don't think so."

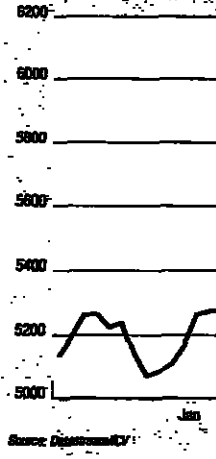
"President Kennedy gets assassinated mysteriously in 1963, rattling the markets. Lee Harvey Oswald is an anagram of 'We've sold early, Ha! They're laughing at us, Selly.'"

The agent rambled on but Selly was walking rapidly away, back to the sunlight. It was time to call her broker. If aliens really were investing in the stock market, it had to be a good idea to join them.

philip.coggan@FT.com

Shooting for the moon?

FTSE 100 index



Source: DataStream/FT

Highlights of the week

| | Price | Change | 52 week | 52 week |
|--------------------|--------|---------|---------|---------|
| | YTD | on week | High | Low |
| FTSE 100 Index | 5984.2 | +124.9 | 5984.2 | 4236.5 |
| BAT Ind | 545 | -70 | 607.4 | 469.4 |
| Cadbury Schweppes | 890 | -42 | 969.4 | 510.4 |
| Chiroscience | 351.4 | +18 | 385.4 | 215 |
| Courtauld | 465.4 | +104 | 474 | 234 |
| Glen Watford | 1757 | +217 | 1883 | 885.4 |
| ICI | 1119 | -51 | 1230 | 684 |
| LucasVarley | 257 | -22 | 259.4 | 180 |
| Manumet Oil & Gas | 594 | -54 | 914 | 59.4 |
| National Grid | 396 | -34 | 390 | 245.4 |
| Pace Micro | 55 | +11 | 235.4 | 23.4 |
| Praxair | 309.4 | -28 | 345 | 224.4 |
| RMC | 953 | -50 | 1147.4 | 740.4 |
| Senior Engineering | 203 | +22 | 203.4 | 121 |
| Vodafone | 629 | -57 | 654 | 255 |

Barry Riley

Ebb tide for flotations

Investors are being priced out of UK companies

London listing. There is the stock exchange's own Alternative Investment Market (AIM), which includes nearly 300 tiddlers, and the independent Ofex dealing facility, not to mention (especially for technology companies with an international appeal) the European Easdaq or even Nasdaq of the US.

An important point, though, is that the bull market has largely

passed small companies by

passed small companies by. Aim failed to rise at all in 1996 and 1997 while the FTSE's SmallCap index managed only an 8.5 per cent average annual gain for that period. Investors were tired of erratic and illiquid small companies and bought the giants instead. This year, Aim has stayed in the doldrums but the SmallCap has risen 14 per cent, suggesting that more companies may be tempted to brush the dust off their flotation plans.

But fussy and price-conscious investors are being priced out of the market for UK companies. This is happening with big ones as well as small: UK share buy-back proposals could double to £17.5bn this year, according to Credit Suisse First Boston, the investment bank. Meanwhile, acquisitions rocketed to £16.2bn in the first quarter, according to Acquisitions Monthly magazine, with another £20bn of deals

pending. This follows a regular cyclical pattern: acquisition spending peaked in 1990, troughed in 1992 at less than a quarter of the volume, and is now well on its way to the next peak. Companies are determined to buy other businesses when they are expensive, and spurn them when they are cheap, but human nature was ever thus.

Now for the rise to dominance of the venture capital firms,

which have raised many billions from pension funds and elsewhere. Their game is financial engineering, practised as no public company would ever dare. They take in companies - often underperforming subsidiaries of bigger groups - as buyouts (or buy-ins where necessary), restructure them, gear up the balance sheets, and freshen the accounts and reporting. After two or three years, optimistic forecasts are prepared. They must then find an exit while the going is good.

Right now, however, the stock market is resistant. Institutional investors had too many bad experiences a few years ago with the likes of Aerostar, Hamble, a British Aerospace buyout that missed its forecasts spectacularly. In any case, the pension funds that invest in these manipulative private equity firms, attracted by

returns that are often claimed to be 20 or 30 per cent a year, know these profits can be achieved only by selling high. They understand that it would be mad to try to be on both ends of the deal.

An extreme version of this institutional philosophy was voiced recently in FT Money by John Train, a New York fund manager. Steer clear of flotations (called IPOs in the US) because they are nearly always traps, he said. He cited evidence that three-quarters of IPOs subsequently underperform the stock market.

Here in the UK, when HM Government was doing the floating, a punter could rely on a good profit. But that game is over. The older and stiffer venture capital houses are sitting on their hands, complaining that new deals are too expensive and that there will be a venture capital crash.

The more aggressive and younger houses are raising the stakes, however. Corporate buyers flush with money are ready to pay top prices: Diageo, after all, has just sold some second-line whisky and gin brands for a remarkable £1.15bn, against the £700m expected. AS for the investment institutions, they could face stock market starvation; they may either have to pay the higher prices demanded or go into the cash management business.

The result of this face-off will come too late to determine the fate of Rolls-Royce. But it might well affect the demand for its products.



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Offshore managed funds and UK managed funds are listed in Section One

مكتبة المجلد

Bull markets and the champagne years

Philip Coggan reports on the 10 outstanding years for US investors this century

Why do bull markets happen? What conditions are required for investors to enjoy above-average returns from share prices? Many people would pay good money to know the answers - and a new book* attempts to provide them by studying the 10 best years this century for the US stock market, all of which produced returns of more than 36 per cent.

expected growth in corporate earnings, therefore, does not seem to be a useful way of predicting market returns.

How about the "rebound effect" favoured by contrarian investors who claim the best time to buy is when sentiment is depressed? That theory has some merit. The 1908 rally followed the Great Panic of 1907 in which the collapse of the financial empire of Frederick Herzog, who ran the Knickerbocker Trust, led to a run on banks. Shares fell sharply when the first world war

What seems to be a more consistent factor behind stock market rallies is the easing of credit conditions. This might consist of lower interest rates, or simply the banking system's willingness or ability to lend more money. When interest rates are low, companies' borrowing costs are reduced and their earnings (other things being equal) should rise. Low rates also persuade investors to abandon the safe haven of cash for the higher, but riskier, returns available from equities.

ended up deeply in debt. Easier credit conditions helped the market in 1906 (after J.P. Morgan had solved the 1907 bank crisis), and in 1933 and 1935 (as President Franklin Roosevelt pursued expansionary policies). Federal Reserve interest-rate cuts helped the rallies of 1954, 1958 and 1975, while an indication from Fed chairman Alan Greenspan that rates had risen far enough gave a lift to investor sentiment in 1985.

Accordingly, the book's author decides that a combination of easier monetary policy and a depressed stock market seems to offer the best recipe for a banner year for investors.

What does this tell us about prospects for the market now? In both the US and the UK, one could hardly argue that they are depressed, since both the Dow and the FTSE 100 have been trading at all-time highs.

Looking merely at the expected growth in corporate earnings does not seem to be a useful way of predicting market returns. Try the 'rebound effect' favoured by contrarian investors

by a 15-year gap. Numerologists may glean something from the fact that four of the years end in 5 (and preceded a presidential election), or that none occurred at the start of a decade. It seems more likely, though, that corporate or economic fundamentals provide the explanation. One factor that seems to have surprisingly little influence is corporate earnings. After all, the expected stream of future earnings and dividends gives shares their value.

The rallies of 1933 and 1975 were obvious cases of share prices hauling themselves off the bottom, and the US market declined in the years before the 1954 and 1958 bull runs. It is, however, harder to explain the phenomenal two-year run in 1927 and 1928 when a 37.5 per cent rise was followed by a 43.6 per cent gain. The US market had been flat in 1926, and fairly buoyant in 1924 and 1925. Clearly, share prices were not on the rebound.

In the short term, lower rates mean investors are sacrificing more by switching out of cash. But in the long term, as well as the theoretical value of shares is the sum of future earnings or dividends, discounted to the present. The lower the discount rate applied to those earnings, the higher the present value of shares.

In some cases — and this was noticeable in 1927 and 1928 — easy credit conditions may mean that investors are acquiring shares with borrowed money. Buying on a margin basis (putting up only a small percentage of the value) was quite common in the late 1920s — which explains why so many people were ruined when the crash came in 1929. Instead of merely losing part of their savings when share prices fell, they

As to monetary policy, there is a chance of an easing in 1998. Because of the Fed's decision to raise interest rates to present, The Bank of England is still debating a further increase but most economists think rates will peak, and then start to fall, this year.

Nevertheless, while equities have started 1998 strongly, it seems unlikely that 35 per cent returns (which would take the Dow over 10,000 and Footsie close to 7,000) will be achieved. History suggests we need another bear market before a golden year can happen again.

**It Was a Very Good Year: Extraordinary Moments in Stock Market History, by Martin S. Fridson. Published by John Wiley & Sons, 244pp. Price, \$29.95.*

Directors' dealings

The lure of real estate

Three directors at Asquay, a property company, bought 350,000 shares between them at 51p each, says *Iron Forest*. Derek Tughan, executive chairman, led the way with 245,000, Boges Duckworth bought 70,000, and Harry Sproule, finance director, 35,000.

□ Two directors at City Centre Restaurants bought 25,000 shares between them this week at 115p. Henry King, chairman, purchased 5,000 and James Naylor,

chief executive, 20,000. The company revealed recently that it was planning to close down or sell its Deep Pan Pizza units.

□ There were large sales at Dewro, the Scottish food producer, where two directors - Graeme Macdonald, chief executive, and John McLean, finance director - each disposed of 250,000 shares at 488p. The shares have outperformed the market by 25 per cent over the past year. Both men keep big holdings.

chief executive, 20,000. The company revealed recently that it was planning to close down or sell its Deep Pan Tiza units.

□ There were large sales at Devro, the Scottish food producer, where two directors - Graeme Alexander, chief executive, and John Neilson, finance director - each disposed of 250,000 shares at 488p. The shares have outperformed the market by 25 per cent over the past year. Both men keep big holdings.

| Company | Sector | Shares | Value
£'000 | No of
directors |
|----------------------|--------|-----------|----------------|--------------------|
| AMES | ISCON | 350,000 | 2125 | 1 |
| AMSC (GBR) | ISAE | 40,000 | 47 | 1 |
| Alkins WS | Secur | 212,250 | 1083 | 2 |
| ASTEC Group | Secur | 33,750 | 50 | 1 |
| Country Gardens | ReHG | 300,000 | 773 | 2 |
| Cusheas Property Co | ISCON | 15,000 | 18 | 1 |
| Denale (EdF) | FdPr | 94,500 | 58 | 1 |
| Dewo International | ISCON | 24,400 | 360 | 1 |
| Grainlanger Trust | Prop | 12,250 | 45 | 1 |
| Highams | SSer | 50,000 | 63 | 1 |
| Inver Waverings Gp | ISCON | 60,000 | 83 | 1 |
| LASMO | Oil | 77,429 | 227 | 1 |
| Man (EDAF) | FdPr | 250,000 | 845 | 1 |
| Mid Kent | Water | 2,000 | 16 | 2 |
| P&O | Trans | 57 | 67 | 1 |
| Severfield | Eng | 300,000 | 1800 | 1 |
| Spirax-Sarco | Eng | 6,500 | 38 | 1 |
| Taylor Woodrow | ISCON | 10,000 | 24 | 1 |
| Vardon | LI&H | 45,000 | 94 | 1 |
| West 175 | Media | 331,339 | 108 | 1 SS |
| WSP Group | SSer | 300,000 | 336 | 2 |
| Yule Cotts & Co | Chem | 58 | 58 | 1 |
| Zargo Holdings plc | SSer | 7,800 | 20 | 1 |
| Alkins WS | SSer | 367,690 | 2005 | 2 |
| Barnat Development | ISCON | 211,350 | 670 | 1 |
| Northern Foods | FdPr | 28,970 | 87 | 5 |
| P&O | Trans | 462,259 | 4091 | 6 |
| Shield Diagnostics | Hth | 40,000 | 232 | 1 |
| Schroder | ISCON | 160,000 | 1620 | 2 |
| United Utilities | Water | 74,444 | 851 | 1 |
| Williams Holdings | SSer | 837,511 | 3709 | 2 |
| PURCHASES | | | | |
| Armstrong | ISAE | 1,470,000 | 512 | 1 |
| Aethyus | Prop | 350,000 | 109 | 3 |
| Carlsberg Shipping | Trans | 500,000 | 135 | 1 |
| City Centre Hotels | ISCON | 25,000 | 50 | 1 |
| DeWitt Inns plc | Brew | 598,283 | 151 | 2 |
| Environmed | Hth | 100,000 | 17 | 1 |
| Glenmed Intermation | ISCON | 7,000 | 36 | 1 |
| Group Trust | InvT | 75,000 | 36 | 1 |
| Hill & Smith | Eng | 150,000 | 80 | 1 |
| Jupiter Spirit Trust | InvT | 25,000 | 28 | 1 12 |
| McFarlane Group | ISCON | 20,000 | 62 | 1 |
| Matthews (P) | Prop | 18,043 | 16 | 2 |
| Property Asset Hldg | Prop | 275,758 | 17 | 1 |
| Seattle Station | ISCON | 10,000 | 42 | 1 |
| Theo Farnell | HGSD | 282,156 | 146 | 4 |
| Treast Group | FdPr | 31,369 | 35 | 2 |
| TT Group | ISCON | 20,000 | 80 | 1 |
| Wesley | B&B&M | 10,000 | 64 | 1 |

Companies must notify the Stock Exchange within the working day of each transaction by a director. This list contains all transactions since April, including exercises of options (†) if the company has frequently sold, with a value over £10,000, shares by itself or by stock exchange. Shares traded are ordinary, unless otherwise stated. 25-55-44

Bids / deals

Courtaulds in takeover talks

Courtaulds, the paint, packaging and fibre company, revealed that it was in talks that could lead to it being taken over, writes Jonathan Guthrie

The bidder is believed to be Akzo Nobel, the Dutch chemicals group. Cortaulds is capitalised at £1.9bn, and a takeover would end its plans to demerge its paints and fibre operations and sell its packaging division.

The demerger proposals had aroused strong interest from potential bidders including ICI and the US company PPG. But Akzo is thought to have outflanked its competitors by offering to buy the whole of Courtaulds. The UK company's poor share price performance has for long made it the subject of takeover rumours.

owned by Vickers, the engineering group, which said earlier this week that, with shareholders' approval, it would sell the luxury car business to BMW for £340m. Details of the new bid were not disclosed but VW said it was substantially higher than BMW's offer.

Earlier this week BMW warned it would cut off supplies of engines and components to Rolls-Royce if it lost out.

□ **Great Universal Stores** renewed its attack on Argos, the rival retailer it wants to buy for £1.6bn.

Following Office of Fair Trading clearance for the bid, GUS questioned the level of costs at Argos and whether a store expansion scheme had been reduced.

□ Volkswagen, the German car-maker raised its bid for Rolls Royce Motors. Rolls is

■ Current takeover bids and mergers

[illegible][illegible]

Figures in parentheses are for the corresponding period. *Dividends are shown net per share, except where otherwise indicated. †Loss. ‡ Net asset value per share. § High price and penny. ¶ 3-month figures. † US dollars and cents. © Previous year end figure. §§ Net asset value. ¶¶ Pro forma results versus pro forma forecast. © 9-month figure versus 12-month figure. † 10-month figure. * 14-week figure.

Note

Results due next week.


Dated by _____


[illegible]

Dividends are shown net price per share and are adjusted for any intervening scrip issue. Reports and accounts are not normally available until about six weeks after the board meeting to approve preliminary results. †† 1st quarterly. † 2nd quarterly. + 3rd quarterly. This list is not necessarily comprehensive since companies are no longer obliged to notify the Stock Exchange of imminent announcements.

■ Last week's preliminary results


[illegible]




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| Investment | Rate | CAGR |
|-----------------------|-------|-------|
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| \$50,000 - \$99,999 | 5.25% | 5.39% |
| \$100,000 - \$249,999 | 5.35% | 5.50% |
| \$250,000 + | 5.40% | 5.59% |

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